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OVER-THE-COUNTER MARKET FEATURED IN THIS ISSUE

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 186 Number 5680 New York 7, N. Y., Thursday, October 10, 1957 Price 40 Cents a Copy

EDITORIAL

As We See It

The triumph of Mr. Hoffa though expected, in fact the more so because it was expected, should serve once again to remind all thoughtful men of a problem of the first rate importance to us all. There are many, we fear all too many, who have regarded the campaign which resulted in the election of this union leader to the office of President of the giant teamsters union as but another bit of union politics. Others doubtless have become disgusted with the disclosures of Congressional investigations involving Mr. Hoffa as well as others in his union, but are inclined to shrug their shoulders in tolerance of what they are sure is all too characteristic of more than one labor organization in this country. Distressingly often union members are disposed to pay slight attention to such charges as have been leveled—and in some instances proved to the satisfaction of the ordinary man—at several of the teamsters' bosses, and merely ask what the accused has in the past been able to "get" for them.

For our part, though, we do not see how any thoughtful man with the good of his country at heart can fail to look askance at all this. Here is a union whose members have evidently been the victims of various transactions which have reached into their pockets for large sums of money. Here is a union whose officers in some instances at least have made it a practice to consort with criminals, and to use criminals for their own union purposes. Here is a union whose officers have again and again found it convenient to refuse to supply fact lest they incriminate themselves. Here is a union some of whose lead-

Continued on page 39

An Open Letter to President Eisenhower

By NEIL CAROTHERS

Dean Emeritus of School of Business Administration, Lehigh University, recommends, in an open letter to President Eisenhower, that Congress be asked to pass a law prohibiting strikes for higher wages as a measure to help halt price inflation and to prevent a "tragic depression." Well known economist insists such a step will still permit wages to rise as they are voluntarily granted. Offers data to show the political popularity of this, and explains why present appeals to organized labor are in vain. Criticizes Secretary of Labor for indorsing the union shop, and praises the President for not wanting government wage determination. Points out, however, "we have now an immeasurably worse control of wages . . . by a small group of men . . ." who are said to desire wage increases without limit and control of government and enterprise.

MY DEAR MR. PRESIDENT:

Twice you have made a public appeal to labor union leaders and managers of enterprise to halt the unceasing round of forced wage increases and consequent price increases. This letter will present the economic facts about this problem and make a recommendation.

Neil Carothers

First, the economic facts:

(a) Left alone, the industrial system automatically pays workers what they earn in production. This proper wage is determined by the demand for the goods and services they provide, balanced against the numbers qualified to do the work.

(b) Under free enterprise employers cannot set wages. They must pay what the workers' services are worth.

(c) Under free enterprise workers cannot set wages. With employers competing for workers and workers competing for jobs, each group of work-

Continued on page 36

Fabulous Over-the-Counter Market: Where Trading Starts and Never Ceases

By DR. IRA U. COBLEIGH
Enterprise Economist

Breadth of markets and quality of securities in the Over-the-Counter Market discussed; and a revised list of common stocks with an unbroken cash dividend payment record running from 5 to 173 years is presented.

Once again we are proud to present our semi-annual review of the Over-the-Counter Market—that broad nationwide arena where trading in all securities originates, and where, by far, the greatest dollar volume of security transactions is negotiated on every business day.

The world we live in places great stress on glamor and publicity. The American public is devoted to "name" brands and "name" bands, and both public corporations and public figures are continuously kept in the spotlight by virtuosi in public relations. The same attitude seems to have arisen with respect to securities, and many thousands of investors thus confine their entire security purchases to those issues of well known corporations whose shares bask in the prestige and publicity which are associated with listing on a major stock exchange.

Market for Future "Blue Chips"

Now we contend that such an attitude shows a sort of financial provincialism that in many instances prevents an earlier, and perhaps highly profitable entry, into the very same securities

Continued on page 22

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 58.

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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

MORTON A. CAYNE
J. N. Russell & Co., Inc.
Cleveland, Ohio

Mohawk Rubber Co.

Some automobile tire manufacturers whose products are offered expressly for the tire replacement business will this year have record sales and earnings. I believe the most outstanding example of such a company is The Mohawk Rubber Company of Akron, O. Founded in 1913 and reorganized in 1938 with Mr. R. E. Bloch as President, who is now Chairman of the Board, Mohawk enjoys a dynamic young management. Recently Mr. Bloch, in commenting on the long-term outlook said, "One of the best contributions I have been able to make to the company is that it is manned by young men. They have what it takes."

Morton A. Cayne

Aside from making quality passenger and truck tires, Mohawk has been a pioneer in the production of camelback, now better known as tread rubber, and the firm holds a dominate position in this industry. Field men work closely with tire recapping customers which has enabled Mohawk to gain national reputation in the trade. Tread rubber and repair materials are produced in each of the company's plants located at Akron, Ohio, West Helena, Arkansas and Littleton, Colorado.

Increased production of 20% in truck tires and 100% in passenger tires has been accomplished since the full operation of the plant at West Helena, Arkansas. This plant having automatic equipment in 110,000 square feet of space on one floor was acquired in early 1956. This plant is the first to be purchased under the auspices of the State of Arkansas Industrial Development Commission, headed by Winthrop Rockefeller. It was the first case to be heard before the Arkansas Supreme Court which tested the validity of the law that brought the Commission into being. For Mohawk, the venture has not only enabled the company to double the production of passenger tires, it has also provided the advantage of being located in this fast growing and expanding Southwest. At a cost of $1.5 million for land, building and equipment, Mohawk attained full production in May of this year.

The company will benefit with the completion of the St. Lawrence Seaway which will route overseas raw materials without inland freight charges and will also have reduced costs in shipments for the export markets.

Net sales for the first seven months in 1957 were recently reported as $11,413,000 compared to $8,741,000 in the same period last year. The per share equivalent is $1.80 as against $1.49 while earnings of $2.62 were reported for the full year of 1956. The second half of 1957, it was reported will show the full effect of the expansion program.

As of Dec. 31, 1956, Mohawk's financial condition disclosed Current Assets of $6,489,312 and Current Liabilities of $2,848,884. The common stock had a book value of $39.21 and net current asset value of $25.70. The long-term debt amounted to $1,650,990 and there is presently outstanding 141,638 shares of no par common stock.

Since the reorganization in 1938, dividends were resumed in 1941 and have been paid in each year to date. The current rate is $1.00 per share and in a letter to stockholders in August of this year, the future dividend policy of Mohawk, "will be based on earnings; consistent, of course, with sound business practice."

I believe that the common stock of Mohawk Rubber presents an opportunity to participate in a very fast growing company having exceptionally good management, who are ever alert for future business and potential expansion. There is every indication that the tire replacement business will continue to flourish for some time to come and since this stock presents such an attractive value (Over-the-Counter Market around 18½ to 19½) I view it as the security I like best. Surely the underlying value, growth, earnings, management and yield comprise the components of securities we all seek.

ALAN D. WHITNEY
Investment Advisor
Winnetka, Ill.

First National Bank of Chicago

This bank was incorporated in 1863, and began business on July 1 of that year. It holds Charter No. 8 in the National Banking System. Its quarters have been on the same site in the Chicago loop (with additions) since shortly after the fire of 1871, which destroyed its then building, but nothing in its vaults. It has occupied the same building, which it built as a replacement, since the turn of the century. Later additions have all been made to harmonize with the initial modern structure. It owns about 75% of its site in fee (the rest is non-purchaseable public property) as well as considerable other fees, contiguous and nearby, all of which are carried on its books at about 5% of their true value. Annual charge-offs for depreciation may soon bring the figure down to a nominal $1.

Alan D. Whitney

First National has never changed or altered its corporate name. In 1900 it absorbed the Union National Bank and in 1902 the Metropolitan National Bank. In 1903 it organized First Trust & Savings Bank to do savings and trust business in its own quarters, but absorbed it when the National banking law was changed permitting it to conduct these forms of banking itself. While First Trust was in existence, its stock was trusteed for First National holders. In 1929, First National absorbed Union Trust Co., and in 1931, Foreman-State National Bank. All assimilations were on a stock exchange basis, except Foreman. As that was a rescue operation, nothing was paid for the business at the time. A few years later, a small cash payment per share was made to former Foreman stockholders. This was from recovery of some of their assets.

Capital stock of First National increased from about $5 million in 1900 to $15 million in 1926, mainly by sale on rights of stock at very advantageous prices. A 33% stock dividend was paid in 1929, before Union Trust was consolidated, and afterwards stock was sold on rights in 1929 and again in 1936. Since that time, capital has increased from $30 to $100 million, all by stock dividends. First National Bank of Chicago was one of the few large banks in the country which did not write down its stock in the depression, and while it stopped cash dividends from 1932 to 1936, its present annual rate of $8 a share is equivalent to about 50% more than its regular annual payment in 1929. Also, the current market of its stock is the equivalent of about 25% more than the 1929 high. Both of these accomplishments are unusual for so large a bank in this country.

By aggressive methods, First National has grown to more than exceed in deposits its nearest local competitor, which was twice the size of First in 1929. It also has the largest amount in savings deposits housed under one roof in the country by a commercial bank.

This bank has done more than take good care of its customers and stockholders. Its generous pension plan is about 75 years old, and is being made ever more generous. It gives free lunches to all its employees, and free life insurance. It has served the community well, sending its late former President, Lyman J. Gage, to Washington as Secretary of the Treasury, under McKinley. Gage took along a young local journalist as his assistant, who later became head of National City Bank of New York, Frank Vanderlip. Fred I. Kent of Bankers Trust and Max May of Guaranty Trust, both of New York, were schooled in foreign exchange at First National of Chicago. James B. Forgan, President and later Chairman of the bank from 1897 until his death in 1925, was the first and continuous Chairman of the Federal Reserve Board Advisory Committee from its inception in 1913-4 to his death. Forgan has been succeeded on this committee by later heads of the bank, including the present incumbent. Several vice-presidents of First National of Chicago have served in Washington at one time or another for periods of a year and more. The bank initiated, in 1906, the division system of officers to serve customers by industry.

This is a dynamic institution, which at the same time is conservative. Its cash dividend payments have been much less than 50% of admitted earnings in each of many recent years, and they are conservatively stated always. When many banks were frightened into government bond investments after the depression, First had the courage to make commercial loans, hence its great growth in recent years. While some family groups have been continuous stockholders for 75 years and more, they are no longer represented on its Board of Directors, as formerly. This is

Continued on page 15

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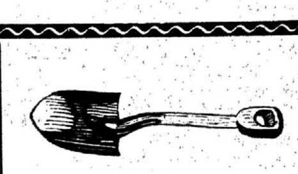

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The Economic Outlook

By SUMNER SLICHTER
Lamont University Professor, Harvard University

Dr. Slichter holds the long-range outlook for the economy is good, as a result of large rise in demand for goods and productivity of labor and capital; with continuing growth buttressed by vast research expenditures. For balance of 1957, assuming no change in Reserve policy, expects slow business expansion; for first half of 1958 predicts further growth at below normal rate; with brightened outlook taking effect next July. Predicts duration of "rather" high money rates until 1960.

Following are the remarks of Dr. Slichter, in response to the respective questions as stated, at the Business Forum Meeting under the auspices of the Standard & Poor's Corporation in Washington, Sept. 24, 1957. The moderator was Lewis Shellbach, Vice-President and Staff Economist of Standard & Poor's. — Editor.

(1) What is your view of the long-range outlook for the economy, say from 1960 to 1970?

(A) The long-range outlook for the economy is good, mainly because the economy in the last several decades has greatly increased its capacity both to raise the demand for goods and to raise the productivity of labor and capital. The basis for these is the rapidly growing new industry of discovery. At the present time, the manhours devoted to full-time research and development by engineers and scientists in industry are more than twice as large as they were in 1941 and they are about half again as large as they were in 1950. This growth is continuing. The McGraw-Hill survey of research expenditures shows that corporations expect to increase their staffs of engineers and scientists by 15% by 1960. Their outlays on research and development nearly doubled between 1953 and 1957, and corporations expect to increase their research expenditures from around $7.3 billion in 1957 to about $9.1 billion by 1960.

Sumner H. Slichter

The enormous capacity that industry is gaining to develop new products and to make old products obsolete is a new phenomenon in economic history. Its consequences are far-reaching and not fully understood. It does mean, however, that the economy has far greater capacity to develop investment opportunities than it has ever possessed before. Various attempts have been made to estimate the time required from the start of research on a new product until the product is ready for large scale output. The time varies greatly, but the economics department of the McGraw-Hill Company estimates that this time averages about 7 years—5 years of research, plus 2 years to develop markets. Whatever the average time, the lag between the inception of work and the marketing of a commercial product is considerable. Today industry is feeling the effects of research expenditures made before 1950 but not, to any extent, the effect of expenditures made subsequent to that date. The effects of the large-scale research of the last 7 years are still pretty much ahead of us. The present outlook is that there will be a slow increase in the development of investment opportunities from research during the next 3 or 4 years, and a much greater expansion in the middle sixties. Many important products that are being worked upon today will not reach the markets for 5 years or more.

(2) Do you see the possibility that growth will be interrupted during that time (or before) by a serious recession or depression? Or is the business cycle passé?

(A) The likelihood that growth will be interrupted by a serious recession is remote. It would take the development of very special circumstances to produce a serious recession. The business cycle has not quite disappeared, but it is giving way to non-synchronized business cycles in various industries. Conditions are developing, and have been developing for some time, which make the economy as a whole less inclined to move in a cyclical fashion. These conditions fall into four main groups. The first group are those related to the economic activities of the government. Government spending is far more important than ever before. As it does not move in a cyclical fashion, it is a dampening influence. The second group of conditions is related to business methods. More and more business managements are finding it advantageous to plan their investment programs on a long-term basis and to ignore the short-term cyclical movements of business in making these plans. The third group of conditions is related to the increase in the number of industries. The greater the number of industries, the stronger is the tendency for cyclical movements within individual industries to cancel out and for general business cycles to give way to rolling adjustments. The fourth group of conditions are the various special steps that have been taken to stabilize the economy by checking upswings and downswings. The net effect of all of these changes

Continued on page 32

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"FABULOUS OVER-THE-COUNTER MARKET: WHERE TRADING STARTS AND NEVER CEASES"

ARTICLE starting on the cover page, "Fabulous Over-the-Counter Market: Where Trading Starts and Never Ceases," discusses the investment opportunities inherent in securities available only in the Over-the-Counter Market as exemplified in the tabulations showing the names of banks and companies which have paid consecutive cash dividends for 10 to 173 years (Table I, page 23) as well as those in the 5 to 10-year category (Table II, page 51).

INDEX

Articles and News — Page

Regular Features

Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
HERBERT D. SEIBERT, Editor & Publisher
WILLIAM DANA SEIBERT, President
Thursday, October 10, 1957
Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.)
Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613); 1 Drapers' Gardens, London, E. C. England, c/o Edwards & Smith

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879
Subscription Rates
Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $60.00 per year; in Dominion of Canada, $63.00 per year. Other Countries, $67.00 per year.
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Observations . . .

By A. WILFRED MAY

PERSONS AND PLACES FOR YOUR DOLLARS*

A primary question, one that has been nettlesome, I'm sure, to all of us, is: "Where do I go with my Investment Dollars?" This is one of the most troublesome problems that comes to the individual and one which I am always asked about. Now, the non-professional investor's typical quandary is how and where to get guidance. Incidentally, remember, the outside advisor is useful also to the expert investor, just as well as to the amateur, just because, again, of psychological factors.

A. Wilfred May

Now, first we must start with the *services* of which there are three broad categories:

(1) The Personal Counseling Service, which is usually concentrated on Portfolio Management.

(2) The published factual statistics and other data publications.

(3) Those services printing advisory help.

Now, let's talk about the personal consultation services that are available and here we first have:

The Broker

(a) The Customers' Broker. Advising you as to your choice of and relationship with, a broker to handle your stock exchange business, is no doubt, the most difficult part of my assignment. The main difficulty facing you here is not within your province at all but stems from the very nature of the brokerage industry. In order to buy or sell an exchange-listed security you must entrust your order to a member of that exchange and practically his sole remuneration is derived from the commission which is chargeable. In other words, if he advises you to do no business, he get no remuneration at all.

Excepting for variations in the market price of the respective stock, such commissions are uniform, being the same alike for an order given through a single two-minute telephone conversation, perhaps along with other orders, or over a drink at a bar—or on the other hand, after getting the benefit of generous advice and perhaps complete statistical analysis. The commission is the same in both cases, which is impractical and illogical.

Brokers being human beings, and not accusing them of being dishonest, this commission system poses a danger of encouragement to overtrading as well as of neglect of the individual's overall investment needs. Also Brokers seem to have what I'd call an occupational bias against recommending the *sale* of stocks.

However, despite this flat commission system, today's brokers are, more and more, making available the results of careful security analysis — that is, the more advanced and intelligent ones are — on both individual company and industry-wide bases and preparing special reports to customers, on request, without charge. Also many brokers maintain special departments for assisting their customers with their investment and tax problems. Usually, these services too, are given without cost, particularly to the customer who transacts his business there.

How Choose?

The question, "How Shall I Choose my Broker?" constitutes, I fear, *the* $64,000 investment question — even more so than which Doctor or Lawyer to call in on your case.

Now, first for a few affirmative suggestions: Get a panel of names of at least a few reliable and well-equipped brokerage firms from your bank, your accountant, your lawyer, or perhaps from an advertisement in a financial journal. Make sure he possesses an adequate staff for security analysis and advice on portfolio management. Use trial and error among your prospects. Again, treat your broker as a professional advisor, that is, don't expect him to beat the market or outdo other brokers in, supposedly, making market profits and—don't believe everything you hear. Encourage your broker or advisor to preserve a long-term investment attitude, emphasizing income and to pursue value appraisal methods toward individual issues, instead of the indoor sport of outguessing the crowd as to future market movements. In other words, let him behave. Again, equip youself with knowledge, to which we can help you to here, at last sufficient to check whether his analysis department is pursuing sound methods.

The Don'ts

Now for a few *DON'TS* . . . Don't get quotations on your stocks from him during market sessions. Don't look for him to beat the market, in fact, don't let him try. Don't tempt him to cater to your emotional foibles. Don't get upset because your friend has made 50 points, at least supposedly, in a stock that you don't own. Remember J. P. Morgan's consolation: "Don't run after a trolley car or a beautiful woman, there will be another one along in a few minutes!" So with securities. Don't stick with your broker just because of friendship; only if other things are equal will friendship be determining. If they are not equal, only you, yourself, can determine the relative importance to you of friendship and ability.

Scientific Advisor

Now for the scientific investment advisor. A comparatively new arrival in the Investment Advisory Field and with a distinctly professional attitude is the Investment Counsel. The Counsel gets his income from managing his accounts through the giving of advice as to the investment of funds on the basis of the individual needs of a particular client, without engaging in other activities such as brokerage, banking, or distributing services. The Investment Counsel technic has the further advantage of working out for each client a complete portfolio adapted to his own peculiar needs instead of disjointed and sporadic advice about individual issues without regard to the specific overall needs of the individual. His compensation, remember, is by a fixed annual fee in contrast to the illogical brokerage commission arrangement that I was just talking about, and this amounts, usually, to ½ of 1%—which, incidentally is tax-deductible. This fee is fixed without regard to capital appreciation or other results achieved. It is a great advantage that his remuneration is not related to the client's activity, in contract to the brokerage commission system.

Now, one catch with regard to the engaging of counsel is his limitation to the upper-bracket individual. Most counselors have a minimum of $100,000 on accounts that are acceptable with some exceptions down to $50,000, which might exclude some of us more unfortunates.

Here again, with a counsel, it is particularly necessary for a client to *let* him behave properly. That is, to take the long-term attitude stressing preservation of capital with satisfactory income, and not to become restless because Aunt Susie or the Cook has made 1,000% from a hot-tip from her smart broker. Don't confront your advisor with a Hobston's choice of either acting like a speculator or else losing you as a client!

The Trust Department

The *third* group of personal consultation services available to you is through the Trust Department of your bank, and here are some of the things they give you. You can get from them Investment Advisory Service. They set up portfolios in consultation with you, the client. You get continuing supervision, usually through an expert officer, with a periodic review by a higher-up over this officer. The decision to make changes in your portfolio is left to you . . . the *final* decision. Then, physical custody of your securities may be left with the institution, which issues monthly statements to you, including tax data. The typical cost is as follows:

For the first $500,000, ½ of 1% of the average monthly market value of the portfolio, with a minimum of $300; for the next half million it is ⅜ of 1% and, I presume, none of us will be interested above that stratosphere.

Now the advantages of the Bank Trust Departments are:

(1) Management Experience and the very important one of Impartiality and Objectivity regarding such things as family differences, which, as you may know or have heard about, is a very frequent difficulty in managing trusts or joint accounts. (2) Then, also, as with the Investment Counsel there is a fixed fee, that is not geared to the activity or to the number of transactions.

Now, of course, on the other side of the medal there are some *dis*advantages, including, and this is more and more the case, overcaution and, what I would call, "window-dressing" of portfolios. In other words, there is the great temptation to any of you who have ever been concerned with managing securities, or who have anything to say in managing securities for others, to be sure that you lose your money *legitimately*. And, this as I want to say again and again through the course, explains the great trend toward the "blue chippers," and the great disparity of name stocks—of blue chip stocks selling at a 3½% or so yield, with, on the other hand any number of other good stocks sell on a 6% yield. This discrepancy is mainly due to the emotional

Continued on page 46

*One of a current series of lectures by Mr. May at the New School for Social Research, New York City.

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The State of Trade and Industry

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

Total industrial production the past week showed mixed results according to latest available reports. While steel production showed modest improvement over the week preceding, mill operators were contenting themselves with a gradual improvement in demand rather than the spurt they had anticipated.

In the automotive industry, manufacturers embarked on their October passenger car production by scheduling a 23% increase over September levels, according to "Ward's Automotive Reports." Chrysler Corp., it was reported, is stepping up its assembly lines and has boosted its fourth quarter schedules to about 300,000 units, some 45,000 more cars than a year ago. The company stated earlier that its production for the quarter would run about even with a year ago.

In the electric light and power industry output declined for the second straight week.

Statistics on unemployment show that new claims for unemployment compensation totaled 241,500 for the week ended Sept. 28, rising by 9,700 from the previous week, the United States Department of Labor reported.

Layoffs in the auto industry and a two-day shut down of clothing plants in New York for religious holidays were mainly responsible for the increase, the department declared.

Total insured unemployment for the week ending Sept. 21 was up 12,800, to 1,181,900, it further stated.

As several automotive producers completed the model change-over process, many temporarily laid-off workers were recalled. This primarily accounted for a 9% decline in initial claims for unemployment insurance last week. However, claims were 25% higher than the similar 1956 level. The most noticeable declines occurred in Michigan, Indiana and Ohio. There was some new unemployment in the apparel, aircraft and food processing industries.

At about $29,000,000,000, manufacturers' sales in August rose less than seasonally from July, and were slightly higher than a year ago, according to the United States Department of Commerce. Although new orders rose somewhat, the backlog of unfilled orders declined again. The book value of manufacturers' inventories stood at $53,500,000,000 in August, up 7% from last year. Much of the gain was attributed to higher prices. Although manufacturers' sales in the second quarter of 1957 were at a record level, higher costs reduced profit margins somewhat.

The steel mills are still suffering from slow-orders this week, "The Iron Age," national metalworking weekly reports. But some mill executives are resigning themselves to a gradual pickup rather than the spurt they had expected.

"The Iron Age" states that the next couple of weeks will tell the tale. By that time the mills expect the automakers to indicate whether they are going to step up their buying or continue to hold back. If the automotive industry comes to life, other steel users will take another look at their steel inventories and hop onto the bandwagon.

At least one automaker—Chrysler—is stepping up its assembly lines. Chrysler has boosted its fourth quarter schedules to about 300,000 units, some 45,000 more cars than a year ago. Earlier the company said its production for the quarter would run about even with last year.

Automotive steel inventories are down so low that it's almost a hand-to-mouth situation. One car producer last week was scratching around for small tonnages of sheet and strip to fill an inventory gap. One mill had to turn the carmaker down.

Many steel salesmen in Detroit feel it would not take much of a jump in orders to double the delivery time. Orders for November steel reflect the steady increases that have been the pattern in recent weeks.

"The Iron Age" says the important thing to keep in mind in judging steel operations is the steady increase in ingot capacity. As capacity increases, more tonnage must be produced in order to move up the ingot operating rate. Despite the slow recovery from the summer lull there is still enough business to maintain the operating rate at about 83% of capacity.

Installment debt in the United States incurred by consumers rose by $346,000,000 during August, the Federal Reserve Board reported. The gain was slightly smaller than for the 1956 month and considerably under the gain in the like month of 1955.

Such debt last year grew by $347,000,000 while the August, 1955, figure climbed by $649,000,000.

All types of credit increased during the month, spearheaded by a $160,000,000 rise in auto debt and a $106,000,000 gain in personal loans, the board further noted. These helped increase total installment credit to $33,000,000,000.

At the same time, non-installment debt—including charge accounts, service credit and single-payment loans — climbed by $170,000,000 to $9,800,000,000, the agency stated.

This brought total consumer debt for August to nearly $42,900,000,000, or $3,000,000,000 above the year-earlier level.

The auto industry the past week launched its October passenger car production by programming a 23% increase over September levels, "Ward's Automotive Reports" stated on Friday last.

"Ward's" noted that last week's sharp production drop to 22,725 assemblies from 51,552 in the preceding week was merely a prelude to more robust 1958 model production this week.

Mercury and Packard joined Edsel and Chrysler Corp. in new model output during the week, with Chevrolet, Pontiac, Buick and Oldsmobile set to start this week.

By mid-October, "Ward's" added, Ford Division and Cadillac will have joined the parade, putting the entire industry on a 1958 model production basis.

The statistical service reported October production schedules at 350,000 cars and 93,500 trucks, following 284,265 and 58,442, respectively, in September.

Chrysler Corp., the first Big Three car maker to attain volume 1958 model production, scheduled a 7.6% output increase the past week despite a body shop strike hitting Plymouth four days, "Ward's" declared and has already

Continued on page 48

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eral Reserve Bank of St. Louis

Resurgent Westinghouse

By DR. IRA U. COBLEIGH

Enterprise Economist

Analysis of some of the reasons why this renowned electrical equipment company has now achieved a rising curve of sales and net earnings.

Anyone can get into difficulties on occasion. But character, stamina, and vision can make these difficulties, not weights that drag one down, but wings that transport one forward to new heights of achievement. And what is thus demonstrably true in the case of an individual, can be equally true in the case of a corporate enterprise. Westinghouse Electric Corporation, for example.

Ira U. Cobleigh

Second among the great electrical equipment manufacturers of America, Westinghouse has had its share of troubled days. In the latter part of 1953 the Navy cancelled the J-40 jet engine contract it had with Westinghouse; and at about the same time, the Air Force concluded its flight and fire control contracts with the company. This created some negative publicity.

Then came labor problems. First, wild cat and sporadic strikes in 1954 and, starting in late 1955, and carrying over well into 1956, the tragic 156-day strike which dipped per share earnings on Westinghouse common from $4.78 for 1954 (an all-time high) to a dismal 10-cent for 1956; and created a costly setback in the trade position of the company, particularly in the field of electric appliances. But that is all history; and however anguishing it may have been for management, labor, shareholders and the public, it did bring back into line, basic labor costs for Westinghouse, which costs had, in relation to those of its competitors, gotten out of hand in the immediate postwar era.

This piece, however, is not conceived as a chronicle of gloom and will not further accent the negative. Rather it will stress those resolute, albeit temporarily suppressed, corporate characteristics which had made Westinghouse great, and are restoring it to its historic eminence, right now. To illustrate, in every year since 1949 Westinghouse has grossed over $1 billion and, even in the dreary year of 1956 (when earnings were clipped not only by the strike but by a 72-cent per share deduction due to changing inventory accounting to LIFO), gross revenues were $1,525 million, down only $111 million from the best previous year, 1954. For 1957, the trend is vastly different. Gross, for the first time, is expected to cross the $2 billion mark and per share net in the order of $4 is being predicted by icy analysts. Westinghouse is now definitely resurgent.

Now all of this resumption of significant corporate forward motion is not due to luck or happenstance. It's due to managerial determination, aggressive and effective research and improved merchandising techniques. Messrs. Gwilyn Price, President, and Mark W. Creasp, Executive Vice-President, have put a lively show on the road. While the strike was going on, research did not slumber. Rather it double timed so that when production resumed, Westinghouse was able to offer major technical advances in its appliance lines. With 200 laboratories and over 6,000 highly trained engineers, technicians and scientists; and roughly 3% of gross allocated to research, Westinghouse should continue to move ahead.

Already it has established its preeminence in the field of nuclear propulsion. The power plant for the "Nautilus" (and five subs to follow) was a Westinghouse "first"; the propulsion elements of the first atomic powered aircraft carrier (85,000 tons); the reactor for the first major American electric power generating plant — these, too, are Westinghouse assignments. If power is to be nucleonically produced or electricity atomically generated, then you may expect Westinghouse to continue to lead, and to prosper.

In appliances, in such coming devices as heat pumps, in the production of heavy duty electric generating and transmission equipment, Westinghouse is now once again effectively competitive in respect to advanced design, product efficiency, advertising, sales and distribution techniques. Westinghouse has achieved a virtual renaissance.

Finances at Westinghouse have been notably well handled. At the end of 1956, and in spite of the misfortunes cited, net working capital stood at a lordly $687 million—a 5½-to-1 current ratio, and more than double the funded debt of $321 million. No need for financing seems presently on the horizon and the historic policy (1947-53) of retaining 50% or more of net, plus depreciation, should deliver the requisite expansion and modernization funds. (Depreciation and amortization should be in the order of $50 million for 1957.)

Now let's look at the stock. Has it appropriately adjusted its price to the aforementioned lull or hiatus in earning power, and appropriately appraised the future potential? The quote for WX on Oct. 8 was 60. That's $17 over the latest book value, $43, and 15 times indicated or estimated 1957 net earnings. (General Electric at 60 represents a 23 times/earnings ratio.) In the past 10 years, Westinghouse common has ranged from a low of 20⅝ (1949) to a high of 83¼ (1955). By all recognized statistical data, WX is a substantially better equity now than it was two and a half years ago when it was selling 23 points higher.

The capitalization here is not too complicated and it provides a substantial leverage for the 16,744,000 common shares listed on the New York Stock Exchange. Ahead of this equity there lies but $321 million in debt, and $49,579,000 (par amount) of $3.80 preferred stock. Incidentally, this latter is a blue chip item at 81¼ yielding 4.60% for those presently in search of ultra dependable income at a favorable rate. The common has paid a $2 dividend for seven years in a row augmented, in 1954, by an extra half dollar. This $2 rate is amply supported by current earnings and there have recently been those bold enough to suggest some sort of extra stock dividend. Such an idea, however attractive, must be regarded as strictly conjectural.

There can be little doubt that research and production of electric and electronic equipment are in the main stream of our economic activity today, particularly with a baby Muscovite moon flying about us presently at a paltry 18,000 mph, guided electronically, and communicating its velocity and whereabouts to us by radio waves. Betty Furness may well be our hostess on the first space ship to the Moon and the green cheese thereon will, of course, be kept temperature-tempting in a Westinghouse refrigerator!

The selection of stocks that offer some prospects of advancing in this moon struck market, is certainly not a simple task. But in Westinghouse we perceive an equity that has taken quite a beating, and that is by historic standards not inflated at the present level of around 60. It operates in one of the leading "growth" industries in our economy and it has already weathered its own private depression, and emerges far more powerful and dynamic than before, and in enviable financial condition.

If in the foregoing you detect a subtle note of bullishness about WX, then it is probably because the current statistical realities respecting it tend to justify same. And what other major listed stock can you name that may increase its per share net by 3900% this year?

James Lober Branch

MONTGOMERY, Ala. — James M. Lober Co., Inc. has opened a branch office at 1500 Oak Street under the direction of Arthur W. Murphy.

With Bateman, Eichler

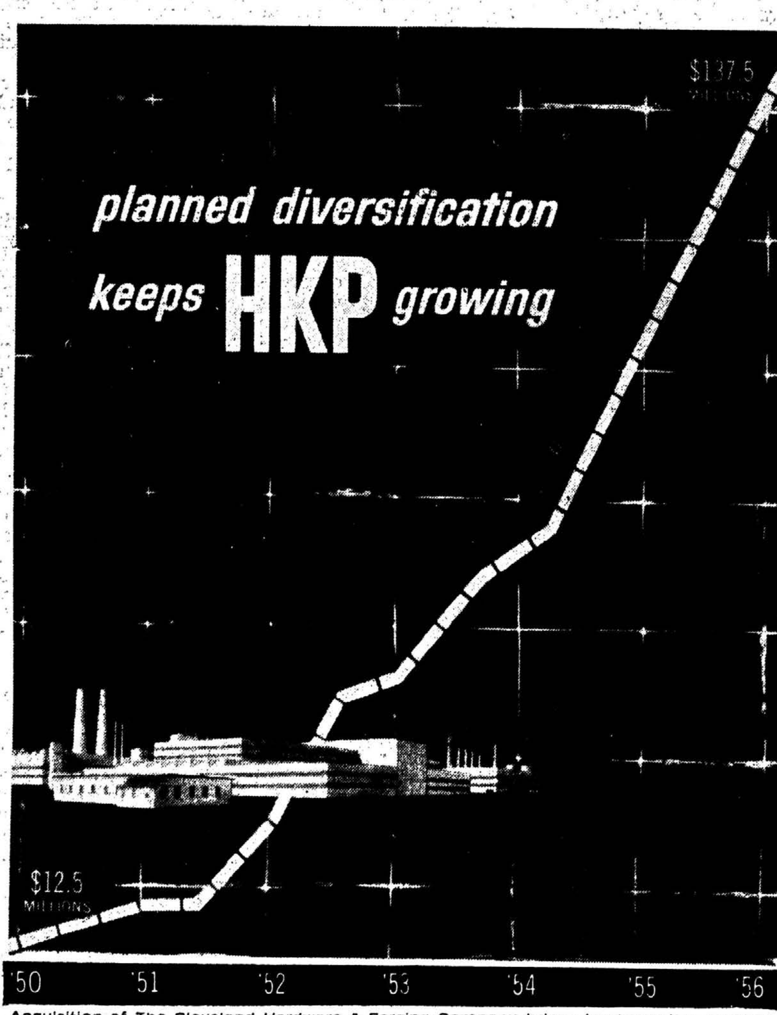
(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John C. Henderson is now with Bateman, Eichler & Co., 453 South Spring Street, members of the Pacific Coast Stock Exchange.

Joins Bingham, Walter

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Melvin A. Smith is now with Bingham, Walter & Hurry, Inc., 621 South Spring Street, members of the Pacific Coast Stock Exchange.



Acquisition of The Cleveland Hardware & Forging Company brings to eleven the number of versatile Porter divisions. They manufacture products in 40 plants in the United States and Canada, four of which have been acquired so far this year

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Business and the Morey Maiket

By HOMER J. LIVINGSTON*
The First National Bank of Chicago

Chicago banker does not know whether business will slow down in 1958 but does know we "cannot become indifferent to the peril of inflation." Mr. Livingston advances a two-fold reason for encouraging savings, one to accommodate orderly investment and economic growth and the other to preserve monetary integrity, and contends that an informed people can better meet the present economic challenge. Praises our monetary policy but holds business, labor and government cannot leave sole responsibility to monetary authorities.

Money and credit play a vital role in our economic life, although that role is not always widely understood. However, after an extended period of exceptionally active business, and with money tight, business executives, government officials and millions of American consumers have sought to understand better the money market and the economic factors that influence it. I should like therefore to make these comments to some current aspects of business and the money market.

Homer J. Livingston

It may be helpful at the outset to place the present in its proper perspective, and to begin by reviewing briefly the postwar period. Then we may see more clearly the economic forces which have shaped our present posture.

Reviews Postwar Period

During World War II, you will recall that our resources were channeled to the war effort, and those which did not contribute to that end were sharply curtailed. We had an imperative objective. A war had to be won. That was the single goal of the entire nation. The construction of highways and homes, the manufacture of automobiles and appliances, and the consumption of gasoline and fuel, for example, were severely limited except as they were deemed essential for victory. As a consequence, there was built up in our economy an immense market for an almost endless number of items ranging from nylons to skyscrapers.

Thus, when the war finally ended, there was a vast pent up demand for goods and services, homes, automobiles, electrical appliances, power lawn mowers, television sets and vacation trips. In the eleven years from 1946 to 1956, inclusive, we built almost twelve million homes, over 56 million passenger automobiles, about 53 million television sets, 44 million refrigerators, and 2 ¼million electric dishwashers. We spent billions for recreation and vacations. In 1957, alone, an estimated 700 thousand Americans will visit Europe. During this eleven-year period from 1946 to 1956 we spent the almost incredible sum of nearly $330 billion on construction of all types. In no other comparable period has any nation experienced so tremendous an expansion of its economy and so gratifying an increase in the economic well-being of its people.

Equally important was the fact that during the war period, earnings and incomes of individuals and businesses had greatly increased. Since much of this income could not be spent because of controls or outright shortages, the savings and liquid assets of individuals and businesses accumulated rapidly.

War Savings

The money or funds required to buy goods and services were therefore available. The savings of individuals, for example, had more than doubled during the war, increasing from $56 billion in 1940 to $136 billion in 1946. Corporations (excluding banks and insurance companies), in similar fashion increased their liquid assets—cash and holdings of U. S. Government securities—from $13 billion in 1940 to over $42 billion in 1946, an increase of more than 200%.

With individuals and corporations holding increasing quantities of cash and securities during the war, and with war regulations restricting many economic activities, there obviously was little need to borrow to finance purchases or operations. Thus, despite the very large war output, private debt increased less than 10%. Corporate long-term debt actually declined 15%. Consumer debt shrank 30%, and at the war's end totaled only $5 billion.

Finally, the liquid assets of the nation's banks were greatly increased during the war as Government debt required to finance the war effort expanded. When the war ended, over 75% of the assets of the nation's banks were in cash and government bonds.

A vast increase in our productive capacity took place during the war. New plant capacity had to be brought into being to provide the almost infinite needs of the military for hard goods of all sorts. Two indicators of the level of industrial activity which economists use are the capacity to produce steel and the capacity to produce electric power, and both show the expansion which took place in our country. Steel capacity increased 17% in the five years from 1940 to 1945, from 81.6 million tons to 95.5 million tons while electric power capacity increased 23% in the same period, from 50 million kilowatts to 63 million kilowatts. The war meant a terrible waste of resources and the tragic loss of human lives. But it did compel us to increase enormously our industrial capacity in a very short time.

Our industrial development has continued in the postwar period, so that today our over-all production of goods and services is near record levels. Steel capacity has increased 40% from 95.5 million tons in 1945 to 133.5 million tons in 1957, while electric power capacity has increased 118% from 62.9 million kilowatts in 1945 to about 137 million kilowatts in 1956.

Post-1954 Developments

Let us look now more closely at economic developments since 1954. Beginning in the last quarter of 1954, our economy started a strong upward movement which has been generally sustained to the present time. While the rate of increase has slowed this year in comparison to 1956 and 1955, and activity has declined in some industries, the economy as a whole is at a very high level.

This growth in the economy has been made possible largely because there has been a strong demand by consumers, business and governments for goods and services.

With more people employed at higher wage and salary rates than ever before in our history, the personal income of our people has increased from an annual rate of $293 billion in December of 1954 to $344 billion in June of this year—a 17% increase. This large flow of personal income has provided a steadily increasing demand for the wide range of products desired by the American public. With more leisure time and increased income at his disposal, the consumer has found that he is able to spend a greater portion of his income on recreation and services. Expenditures by American families were running at a $277 billion annual rate in the second quarter of 1957, which is a 15% increase over the $241 billion rate in the final quarter of 1954. Because 65% of the total demand for the nation's output of goods and services is represented by these personal consumption expenditures, their importance to national prosperity cannot be exaggerated.

Consumer Borrowings

With his increased spending and with the use of more of his liquid resources, the consumer felt impelled to borrow. Total consumer credit outstanding rose from $30 billion at the end of 1954 to $42 billion in June, 1957, an increase of 38%. In addition, mortgage debt on one- to four-family homes increased from $76 billion at the end of 1954 to $99 billion at the end of 1956, a 31% advance.

The old stigma regarding instalment credit which existed in previous years has apparently been greatly reduced. A survey made early in 1954 showed that 50% of the people looked with favor upon the use of instalment credit while only 37% looked upon it with disfavor. Younger people were more inclined to favor the idea, probably because of their greater needs for the types of goods commonly bought on credit, and their lesser ability to buy for cash. Consumers also seem to have more faith in recent years in the security of their employment and income, and so they are less hesitant to make commitments for future payments.

Millions of consumers are under social security or private pension plans, which they feel provide some assurance of financial security in old age. It is probable that this feeling of relative old age security has tended to lessen the urgency the consumer has felt for individual saving, and has tended to increase his willingness to add to his debts.

Some of the problems related to the increase in consumer credit are illustrated in the story of the salesman who was trying to sell a housewife an electric dishwasher.

He said, "Madam, if you buy this dishwasher it will help you to save the cost of a maid. You will be saving money every month."

The housewife replied, "Well, I am not so sure we can buy it. We bought an automobile to save bus fare. Then we bought a television set to save movie and entertainment expense. Last week we bought an automatic clothes washer in order to save laundry bills. You know, mister, I think we are saving about as much now as we can save."

A recent survey indicates that from July, 1955, to June, 1956, credit was used in 65% of all purchases of new automobiles and 68% of all purchases of used automobiles. Similar figures indicate that about 85% of home purchases by individuals and families are made with the aid of a mortgage. All in all, 59%, or about three out of every five American house-

Continued on page 40

*An address by Mr. Livingston before the Farm Equipment Institute, Chicago, Sept. 18, 1957.

The Railroads and Their Future

By GEORGE S. WALLACE, JR.*
Economist, Naess & Thomas
Investment Counsel
New York City

Railroad economist pictures a healthy railroad industry, whose productivity compares favorably with the well-regarded petroleum industry, capable of providing investor profit opportunities, after examining the economic potential for rails between now and 1965. Mr. Wallace doubts industrial decentralization lessens demands for transportation; suggests how rate setting and passenger operations can be adjusted in order to reverse the present long-term trend decline for rail traffic; and offers evidence to support view that rails can survive chronic inflation more easily than many commentators seem to think.

For over 100 years, despite wave upon wave of technological and social innovations, the railway industry has been the backbone of our widespread national economy. During the past century, investor regard for the railroads has fluctuated with the fortunes of the industry as it alternated between periods of joyous profits and pecuniary despair. An appraisal of the railway outlook over the next nine years must take into consideration not only the position of the industry as a structural part of the economy but also the outlook for the economy itself. Consequently, it is necessary to first look at the economic potential between now and 1965 and attempt to determine the demand for all transportation in terms of the anticipated levels of economic activity. Following the general projections, it should be then possible to reasonably determine the probable role of the railway industry, taking into consideration, of course, those factors which may interrupt past trends in the fabric of our transportation system.

George S. Wallace, Jr.

I

The Economic Outlook—1956-1965

Any effort to consider the potential of the American economy over a future span of years must first set forth either implicity or explicity certain assumptions concerning the political and international atmosphere within which the projections are made. For our purposes it is necessary to say only that the social institutions, which we summarize by the phrase individual freedom and enterprise, will continue to exist more or less in the same form as is true today. Secondly, we assume that there will be no major outbreak of war but that the current level of international tensions are not likely to ease. In other words, the cold war will continue and the American community will continue to function under a political and social system which is basically organized around independent busness units.

The third assumption, and the one with which many people may take exception, is that the economy will be characterized by a condition of relatively full employment of all the resources, human and material. For our purposes I have assumed relatively full employment. Statistically speaking, this means that no more than 3½% of the total labor force will be unemployed. The real potential of the economy in terms of physical output will depend mainly upon the size and quality of the capital assets and the growth of the labor force. The labor force in turn will be mainly a function of the size and composition of the population while the productivity of this potential of workers will be a function of the organization of the workers, the rate of growth in the stock of capital and the success of innovations.

Sees Shrinking Labor Force

By 1965 the population of the United States should reach about 190 million persons as compared with about 170 million at the present time. What is more important is that the number of individuals between the ages of 18 and 64 is likely to approach 105 million, for it is this group from which most of the labor force is drawn. Significantly, in 1956 this group consisted of 96.2 million or some 57.2% of the total population. The percentage will, therefore, drop to about 55% of the total by 1965. It is interesting to note that in 1945 this age group represented 63% of the labor force so that with the passage of time a smaller percentage of the total will be responsible for carrying the productive burdens of the economy while a larger proportion than ever before will be dependents.

If the 18-64 age group is related to the total labor force and allowances are made for approximately 2 million people in the armed forces, the civilian labor force will reach 70 million in 1960 and 74 million in 1965. Using our relatively full employment figure of 96.5% results in an employment level in 1960 of 67.6 million and 70.4 million in 1965. This is in contrast to the 65 million gainfully employed in 1956.

Estimates 2% Productivity Per Year

The second important factor that will affect the potential size of economic activity in the future is the trend of productivity of the economy as a whole. It would appear reasonable, in view of the enormous level of expenditures for plant and equipment together with vast sums being allocated for reesarch, and the rapidity of innovations, to use a productivity factor of perhaps 3% per annum. Because of some uncertainty as to the ability of many sectors of the economy to maintain this rate of increase, especially the service sector, and because of it there is the possibility of an increase in leisure time due to a contraction in the workweek, it appears that a figure of 2% would be more appropriate. Consequently, the estimates of increases in real output have been based upon the population data and a 2% average increment in productivity.

When efforts are made to convert the physical data into dollars, the much discussed question of chronic or creeping inflation becomes something of an emotional hurdle. Because, however, the absence or presence of inflation will have far-reaching consequences for the railroad industry, it is better to face this obstacle head on than it is to avoid it by ex-

Continued on page 43

*An address by Mr. Wallace before the New York Society of Security Analysts, Sept. 20, 1957.

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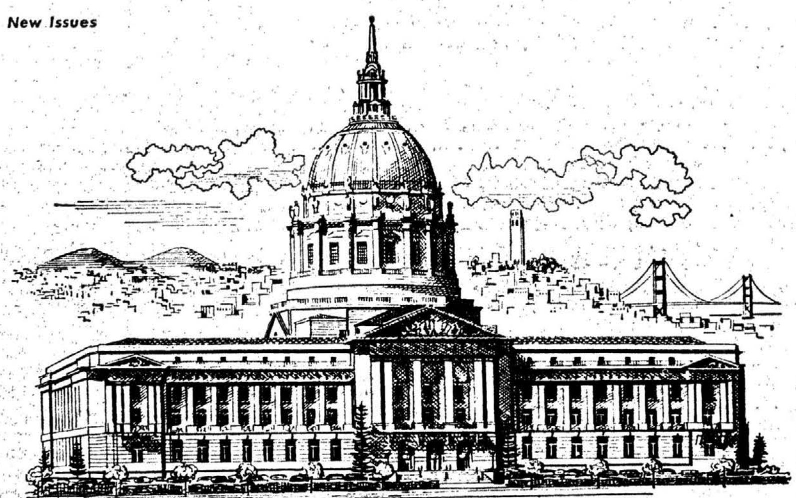
New Issues



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$12,000,000 Hetch Hetchy Power Bonds—1955, Series B
$2,900,000 Airport Bonds—1956, Series A

Amount	Coupon Rate	Due	Yield or Price
$1,305,000	6%	1958	2.40%
1,305,000	6%	1959	2.60%
1,440,000	6%-4¾%*	1960	2.70%
1,790,000	6%-3¾%-3%*	1961	2.75%
1,790,000	5½%-3%*	1962	2.80%
1,795,000	3%	1963	2.85%
1,795,000	3%	1964	2.90%
1,795,000	3%	1965	2.95%
1,795,000	3%	1966	100
1,795,000	3%	1967	100
1,800,000	3%	1968	100
1,800,000	3%	1969	3.05%
1,800,000	3%	1970	3.05%
1,810,000	3%	1971	3.10%
1,810,000	3%	1972	3.10%
655,000	3%	1973	3.15%
655,000	3%	1974	3.15%
655,000	3%	1975	3.20%
655,000	3%	1976	3.20%
655,000	3%	1977	3.20%

*The 1960 maturity includes $300,000 Hetch Hetchy Power, and $210,000 Airport 6% bonds, all other issues being 4¾% bonds; the 1961 maturity includes $650,000 Hetch Hetchy Power 6% bonds and $210,000 Airport 3¾% bonds, all other issues being 3% bonds; the 1962 maturity includes $650,000 Hetch Hetchy Power 5½% bonds, all other issues being 3% bonds.

Principal and semi-annual interest (May 1 and November 1) payable at the office of the Treasurer of the City and County of San Francisco, in San Francisco, California, or at the Fiscal Agency of the City and County of San Francisco in New York City, at the option of the holder. Coupon bonds in denomination of $1,000 registerable only as to both principal and interest.

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

We believe these bonds are legal investments in New York for trust funds and savings banks and in California for savings banks, subject to the legal limitations upon the amount of the bank's investment, and are likewise legal investments in California for trust funds and for other funds which may be invested in bonds which are legal investments for savings banks, and are eligible as security for deposits of public moneys in California.

These bonds, to be issued under provisions of the Charter of the City and County of San Francisco and the laws of the State of California for various purposes, in the opinion of counsel will constitute valid and legally-binding obligations of the City and County of San Francisco and said City and County will have power and will be obligated to levy ad valorem taxes for the payment of said bonds and the interest thereon upon all property within the City and County of San Francisco subject to taxation by said City and County (except certain intangible personal property, which is taxable at limited rates) without limitation of rate or amount.

The above bonds are offered when, as and if issued and received by us and subject to approval of legality by Messrs. Orrick, Dahlquist, Herrington & Sutcliffe, Attorneys, San Francisco, California.

Bank of America N.T.&S.A. — Harris Trust and Savings Bank — The First National City Bank of New York — Bankers Trust Company — The Chase Manhattan Bank — Guaranty Trust Company of New York — Blyth & Co., Inc. — The First Boston Corporation

Lehman Brothers — Harriman Ripley & Co. Incorporated — Smith, Barney & Co. — The Northern Trust Company — American Trust Company San Francisco — Security First National Bank of Los Angeles — Phelps, Fenn & Co. — Merrill Lynch, Pierce, Fenner & Beane

R. H. Moulton & Company — Weeden & Co. Incorporated — C. J. Devine & Co. — The First National Bank of Portland, Oregon — Seattle-First National Bank — Lazard Frères & Co. — Dean Witter & Co. — Ladenburg, Thalmann & Co.

J. Barth & Co. — The Boatmen's National Bank of Saint Louis — Clark, Dodge & Co. — F. S. Moseley & Co. — Paine, Webber, Jackson & Curtis — R. W. Pressprich & Co. — Reynolds & Co. — Shearson, Hammill & Co.

Shields & Company — William R. Staats & Co. — Dominick & Dominick — Estabrook & Co. — New York Hanseatic Corporation — Roosevelt & Cross Incorporated — F. S. Smithers & Co. — Spencer Trask & Co.

Andrews & Wells, Inc. — Eldredge & Co. Incorporated — The First National Bank & Trust Company — The Illinois Company Incorporated — Kean, Taylor & Co. — A. M. Kidder & Co., Inc. — Wm. E. Pollock & Co., Inc.

Provident Savings Bank & Trust Company — Schoellkopf, Hutton & Pomeroy, Inc. — Schwabacher & Co. — Stone & Youngberg — Trust Company of Georgia — City National Bank & Trust Company of Chicago

Fitzpatrick, Sullivan & Co. — G. C. Haas & Co. — Model, Roland & Stone — National Bank of Commerce of Seattle — Van Alstyne, Noel & Co. — Anderson & Strudwick — Bruns, Nordeman & Co. — A. G. Edwards & Sons

Federation Bank and Trust Co. — The First Cleveland Corporation — First National Bank in Dallas — Ginther & Company — Kalman & Company, Inc. — Lawson, Levy, Williams & Stern — Irving Lundborg & Co.

Northwestern National Bank of Minneapolis — Reinholdt & Gardner — Rockland-Atlas National Bank of Boston — Schaffer, Necker & Co. — Seasongood & Mayer — Shuman, Agnew & Co. — Stern Brothers & Co.

Townsend, Dabney and Tyson — H. E. Work & Co. — The Continental Bank and Trust Company Salt Lake City, Utah — Cruttenden, Podesta & Co. — Elkins, Morris, Stokes & Co. — Freeman & Company — Granbery, Marache & Co.

Green, Ellis & Anderson — Hallowell, Sulzberger & Co. — Hill Richards & Co. — J. A. Hogle & Co. — Interstate Securities Corporation — Kenower, MacArthur & Co. — Prescott & Co.

Rodman & Renshaw — Walter Stokes & Company — Sutro Bros. & Co. — Thornton, Mohr & Farish — R. D. White & Company — Brush, Slocumb & Co. Inc. — Davis, Skaggs & Co. — Dempsey-Tegeler & Co.

Ellis & Co. — Frantz Hutchinson & Co. — Stern, Frank, Meyer & Fox — Wagenseller & Durst, Inc. — Arthur L. Wright & Co., Inc. — Dreyfus & Co.

The First of Arizona Company — Magnus & Company — J. A. Overton & Co. — H. V. Sattley & Co. Inc. — C. N. White & Co. — Fred D. Blake & Co.

October 8, 1957

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

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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.

Bonds—Bulletin—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

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

Candidates for Dividend Increases—In current issue of "Market Review"—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. In the same issue are lists of interesting selections for high return or appreciation, and a portfolio of "Cross Section" stocks. Also available are reports on **Dow Chemical, Food Machinery & Chemical Corp., Weyerhauser Timber Co., Electric Bond & Share, United Corp., Atomic Energy Review**, discussion of 20 sound long term dividend payers, and a list of the "Favorite Fifty."

Chessie & Her Family—Portfolio of pictures—Chesapeake & & Ohio Railway, 3809 Terminal Tower, Cleveland 1, Ohio.

Convertible Debentures as a **Hedge**—Bulletin—Joseph Faroll & Co., 29 Broadway, New York 6, N. Y.

Corporate Bond Market—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Electric Power Industry—Analysis—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass.

Farm Equipment Industry—Analysis with particular reference to **Deere & Co.** and **J. I. Case & Co.**—Cosgrove, Whitehead & Gammack, 44 Wall Street, New York 5, N. Y.

Gifts of Securities or Money to Minor Children — Bulletin — Association of Stock Exchange Firms, 25 Broad Street, New York 4, N. Y.

Governments vs. Tax Exempts—Bulletin—C. J. Devine & Co., 48 Wall 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.

Leisure Time & Common Stocks—Discussion in current issue of "The Exchange" — Exchange Magazine, 11 Wall Street, New York 5, N. Y.—10 cents per copy, $1.00 per year. Also in the same issue is a discussion of the growing **Soft Drink Industry, Finance Company Common Stocks**, etc.

Life Insurance Stocks Are Gold Chips — Victor G. Paradise — Discusses dynamic growth record of America's Life Insurance industry with particular attention to 60 key stocks — Paradise Securities Company, 9477 Brighton Way, Beverly Hills, Calif.—$2.00.

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

New York City Bank Stocks—Quarterly analysis of 13 issues —Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

Steam Coal Producers—Analysis—With particular reference to **Stonega Coke & Coal, Ayrshire Collieries**, and **Peabody Coal** —Boenning & Co., 1529 Walnut Street, Philadelphia 2, Pa.

Tax Free Income — Analysis — Hannaford & Talbot, 519 California Street, San Francisco 4, Calif.

Ten Largest Banks in New York City — Quarterly figures — Bankers Trust Company, 16 Wall Street, New York 15, N. Y.

* * *

Allied Laboratories, Inc. — Analysis — Sutro Bros. & Co., 625 Madison Avenue, New York 22, N. Y.

Bergstrom Paper Company—Analysis in current "Business and Financial Digest" — Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also in the same issue is an analysis of **Eli Lilly and Company**.

Boston Edison—Data—Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **International Telephone & Telegraph**, and **Associated Dry Goods**.

Burndy Corporation—Report—Straus, Blosser & McDowell, 39 South La Salle Street, Chicago 3, Ill.

Colgate Palmolive — Survey — Abraham & Co., 120 Broadway, New York 5, N. Y. Also in the same bulletin is a survey of **Consolidated Edison Co. of New York**.

Cosden Petroleum—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available are memoranda on **Phillips Petroleum, R. J. Reynolds Tobacco Co.** and **Standard Packaging Corp.**

Ducommun Metals & Supply Co. — Bulletin — De Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

Frito Corp. — Memorandum — Rauscher, Pierce & Co., Mercantile Bank Building, Dallas 1, Texas.

General Controls Co.—Analysis—Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

Irving Trust Co.—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a bulletin on **Ruberoid Co., Allied Laboratories** and a list of "Buy, Sell or Hold" suggestions.

KLM-Royal Dutch Airlines — Study and appraisal — Selig Altschul, 37 Wall Street, New York 4, N. Y.

Kennametal Inc.—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y. Also available is a memorandum on **H. H. Robertson & Co.**

Liberty National Life Insurance Company — Analysis — A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available are memoranda on **Owens Illinois Glass Co.** and **Procter & Gamble Co.**

Merritt Chapman & Scott Corp. — Memorandum — H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is a memorandum on **Youngstown Sheet & Tube Co.**

Mine Safety Appliances Co.—Report—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

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.**

Procter & Gamble Co.—Memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Revere Copper & Brass—Analysis—J. R. Willston & Co., 115 Broadway, New York 6, N. Y. Also available is a bulletin on the **Aircraft Industry.**

R. J. Reynolds Tobacco Co.—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Schering Corporation—Analysis in "ABC Investment Letter"—Amott, Baker & Co. Incorporated, 150 Broadway, New York 38, New York. Also in the same letter are brief analyses of **Union Bag-Camp Paper Corp.; Hertz Corporation, Western Union Telegraph Company, Republic Natural Gas Company**, and **Chemical Corn Exchange Bank.**

Standard Oil Company of California—Report—First California Company, Inc., 300 Montgomery Street, San Francisco 20, Calif.

Toro Manufacturing Corporation—Report—American Institute of Management, 125 East 38th Street, New York 16, N. Y.

Turbo Dynamics Corporation—Report—Simmons & Co., 40 Exchange Place, New York 5, N. Y. Also available are reports on **Automation Instruments, Inc.** and **New Cornelia Extension Copper Corp.**

United Electric Coal Companies — Report — Alfred L. Vanden Broeck & Co., 55 Liberty Street, New York 5, N. Y. Also in the same circular are reports on **American Commercial Barge Line Company** and **Ohio Brass Company.**

COMING EVENTS

In Investment Field

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.

Oct. 16, 1957 (New York, N. Y.)
New York Group of Investment Bankers Association annual dinner at the Waldorf - Astoria 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.

Lyon Terry Joins Lehman Bros. Staff

Lehman Brothers, 1 William St., New York City, members of the New York Stock Exchange have announced that Lyon Terry has become associated with their firm.

Lyon F. Terry

Mr. Terry, a former Vice-President of The Chase Manhattan Bank since 1949, joined the Petroleum Department of The Chase National Bank (now The Chase Manhattan Bank) in 1936. He retired from the Bank on Sept. 30, 1957. Previous to his association with the Bank, Mr. Terry had been a Consulting Engineer, specializing in oil and natural gas. He graduated from the University of Michigan with a degree in civil engineering and began his career in the Oklahoma oil fields. He served in World War I and was later employed by several of the larger oil companies.

Mr. Terry is a member of the American Institute of Mining, Metallurgical and Petroleum Engineers; American Association of Petroleum Geologists; American Petroleum Institute; American Gas Association; and the Independent Natural Gas Association of America. He has written numerous articles for oil and gas industry publications.

Continues Inv. Business

PARIS, Texas — Dimple Crain Davis in continuing the investment business of Davis & Humphreys, 605 Lamar Avenue.

Pacific N. W. Co. Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—Mrs. Betty L. Kosel has been added to the staff of Pacific Northwest Company, Wilcox Building.

With Copley & Co.

(Special to THE FINANCIAL CHRONICLE)

COLORADO SPRINGS, Colo.—James H. Ayres has been added to the staff of Copley and Company, Independence Building.

With E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Henry H. Cate has become affiliated with E. F. Hutton & Company, 111 West 10th Street.

Currently Active—

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Trans-Canada Pipe Line & Units
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From Washington Ahead of the News

By CARLISLE BARGERON

Before the Russians in their perverse way launched the "little moon" it was fashionable in political Washington to talk about tax reduction. Probably it will be just talk from now on, but it will center on these proposals until and if the Administration comes up with something.

Carlisle Bargeron

Senator Fulbright of Arkansas has pending a bill to reduce the normal rate on corporate income from 30 to 22%, and then increase the surtax rate (on incomes over $25,000) to 30%. He also has a bill pending which would increase the surtax rates to 31%.

Congressman Wright Patman has pending a bill which reduces the normal corporation rate to 22% and exempts the first $100,000 of taxable income from surtax. Then it imposes a tax range from 10% to 53% for a maximum combined normal and surtax of 75%.

More intriguing, perhaps, is the bill by Senator Sparkman of Alabama, providing for a graduated corporation income tax, starting at 5% on the first $5,000; going to 18% on $25,000; 38.25% as compared with present rate of 46.5% on $100,000; 49.25% as compared with present rate of 50% on $500,000; 50.62% as compared with present 51.4% on $1,000,000, and 51.80% as compared with 51.35% on $10,000,000.

All of these received sharp criticism from the Senate Finance Committee at the last session.

Sparkman and Congressman Hill of Colorado, also propose inheritance tax bills. The present law gives the estate 15 months in which to satisfy inheritance taxes, with Internal Revenue given discretionary power to extend this to 10 years in cases of hardship. Both the Sparkman and Hill Bills would make the 10-year period mandatory and then give Internal Revenue an additional 10 years discretionary extension.

The U. S. Chamber of Commerce's tax authority tells me these bills are "innocuous" because Internal Revenue has been very generous in giving hardship cases 10 years.

The NAM is widely promoting a bill by Rep. Sadlek of Connecticut, a member of the House Ways and Means Committee. They have got about 100 organizations behind it.

This is a five-year program of reducing both corporate and personal income taxes. There would be a scheduled reduction each year unless the President certified it would unbalance the budget in which event that year's reduction could be deferred for a year—the five-year period, all told, could be spread out over nine years.

Under this schedule, the first bracket of personal income taxes —$0 to $2,000 would be reduced from 20% the first year to 19%; then to 18%, 17%, 16% and 15%. In the $22,000 to $28,000 group, taxes would be reduced from 59% to 53%, 47%, 40%, 33% and 26%.

Corporation taxes would be reduced from the combined rate of 52% to 50%, 48%, 46%, 44% and 42%, respectively, over the five-year period.

Congressman Sid Herlong of Florida, has joined with Sadlek in this bill.

The U. S. Chamber of Commerce officially says they "studiously refrain" from commenting on this bill. Unofficially they profess to think it is funny and impracticable in that it fixes a pattern of reduction without regard to changing economic conditions; they can't see Congress giving away its tax power for a period of nine years; they can't see an Administration in power admitting it was in such a financial plight that the scheduled postponement had to be deferred. They are not very convincing to me.

The proposal of a graduated corporation income tax frightens most businessmen! They think the graduated principle in the personal income tax is a horrible thing, and to apply it to the corporation tax would be equally horrible.

The U. S. Chamber of Commerce says:

"Traditionally the corporate income tax in this country has been a proportionate rather than a progressive tax . . ."

"Political strategists behind these bills hope to drive a wedge between business groups . . ."

"It (graduated tax) would stifle the growth of small businesses into larger units and deter natural development and progress by placing a tax premium on smallness and a tax penalty on bigness."

"A graduated tax would discourage growth and expansion on all levels, because new investment can hardly be justified if anticipated additional income would be drained off as soon as it was earned. Similarly, progressive taxation would discourage the starting of new enterprises."

Frankly, any bills by Fulbright, Sparkman or Patman make businessmen jump.

Now Common Sense Inv.

ORADELL, N. J.—The firm name of The Income Building, 390 Kinderkamack Road, has been changed to Common Sense Investing Company.

Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Martin W. Cummings has been added to the staff of Paine, Webber, Jackson & Curtis, 111 Pearl Street.

Joins Edw. D. Jones

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Thomas B. Fitzgerald is now with Edward D. Jones & Co., 300 North Fourth Street, members of the New York Stock Exchange.

Eichenberg, Jr. Joins Carl M. Loeb, Rhoades

Eugene Eichenberg, Jr., has joined the investment firm of Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York City, members of the New York Stock Exchange, as its special consultant on real estate, it has been announced.

Mr. Eichenberg was formerly vice-president and house counsel to Nedick's Stores, Inc. (formerly a division of C & C Super Corp.) for many years. He is also a member of the faculty of City College of New York and vice-chairman of the Stores Committee of the Real Estate Board of New York.

Two With Putnam Co.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—H. Brandford Benson and Samuel Blumenthal have become affiliated with Putman & Co., 6 Central Row, members of the New York Stock Exchange.

New Issue *October 10, 1957*

$31,000,000
STATE OF OHIO

6%, 4⅜%, 3%, 3.20% and 3¼% Major Thoroughfare Construction Bonds, Series G

(Payable from Selective Excise Taxes)

Dated October 15, 1957 **Due March 15 and September 15, as shown below**

Principal and semi-annual interest (March 15 and September 15, first coupon payment date March 15, 1958) payable in Columbus, Ohio; New York, New York; Chicago, Illinois; or Cleveland, Ohio. Coupon bonds in the denomination of $1,000, registerable as to principal only or as to both principal and interest. Bonds initially issued as coupon bonds or registered bonds may be exchanged for fully registered bonds of the same maturity, or coupon bonds, as the case may be, without expense to the holder thereof. Subsequent exchanges or registrations shall be at the expense of the holder thereof.

Interest exempt, in the opinion of counsel, from Federal Income Taxes under existing Statutes, Regulations and Court Decisions

Exempt, in the opinion of counsel, from all taxes levied by the State of Ohio or any taxing subdivision or district thereof

These Bonds, to be issued under the provisions of Section 2c of Article VIII of the Constitution of Ohio, as adopted at the general election in said state on November 3, 1953, for the purpose of providing moneys for acquisition of rights-of-way and for construction and reconstruction of highways on the state highway system, will be, in the opinion of counsel, together with Series A, B, C, D, E and F Bonds presently outstanding, and all other bonds hereafter issued under authority of said Section 2c, payable solely from moneys derived from fees, excises or license taxes levied by the State of Ohio relating to registration, operation or use of vehicles on public highways or to fuels used for propelling such vehicles and provision has been made by law of the State of Ohio for the setting aside of a sufficient amount of such fees, excises or license taxes each year to pay the interest on and the principal of the bonds becoming due each year, without other legislative appropriation.

Amount	Rate	Due	Yield	Amount	Rate	Due	Yield or Price	Amount	Rate	Due	Yield or Price
$1,030,000	6%	Mar. 15, 1958	2.20%	$1,030,000	3%	Mar. 15, 1963	100	$1,035,000	3.20%	Mar. 15, 1968	100
1,035,000	6	Sept. 15, 1958	2.40	1,035,000	3	Sept. 15, 1963	100	1,035,000	3.20	Sept. 15, 1968	100
1,030,000	6	Mar. 15, 1959	2.50	1,030,000	3	Mar. 15, 1964	3.05%	1,035,000	3¼	Mar. 15, 1969	100
1,035,000	6	Sept. 15, 1959	2.60	1,035,000	3	Sept. 15, 1964	3.05	1,035,000	3¼	Sept. 15, 1969	100
1,030,000	6	Mar. 15, 1960	2.70	1,030,000	3	Mar. 15, 1965	3.10	1,035,000	3¼	Mar. 15, 1970	100
1,035,000	6	Sept. 15, 1960	2.80	1,035,000	3	Sept. 15, 1965	3.10	1,035,000	3¼	Sept. 15, 1970	100
1,030,000	4⅜	Mar. 15, 1961	2.90	1,030,000	3	Mar. 15, 1966	3.15	1,035,000	3¼	Mar. 15, 1971	3.30%
1,035,000	4⅜	Sept. 15, 1961	2.90	1,035,000	3	Sept. 15, 1966	3.15	1,035,000	3¼	Sept. 15, 1971	3.30
1,030,000	3	Mar. 15, 1962	2.95	1,030,000	3.20	Mar. 15, 1967	100	1,035,000	3¼	Mar. 15, 1972	3.30
1,035,000	3	Sept. 15, 1962	2.95	1,035,000	3.20	Sept. 15, 1967	100	1,035,000	3¼	Sept. 15, 1972	3.30

(Accrued interest to be added)

These Bonds are offered when, as and if issued and received by us, subject to prior sale and approval of legality by the Attorney General of the State of Ohio and by Messrs. Squire, Sanders & Dempsey, Cleveland, Ohio. This is not an offer to sell these securities, said offering is made only by means of the official statement, copies of which may be obtained from such of the undersigned and other underwriters as are registered dealers in this State.

Blyth & Co., Inc. Halsey, Stuart & Co. Inc. Lehman Brothers B. J. Van Ingen & Co. Inc. The Ohio Company

The First Boston Corporation Harriman Ripley & Co. Incorporated Smith, Barney & Co. Drexel & Co. Glore, Forgan & Co.

Goldman, Sachs & Co. Kidder, Peabody & Co. Merrill Lynch, Pierce, Fenner & Beane Phelps, Fenn & Co.

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R. W. Pressprich & Co. Dean Witter & Co. Bache & Co. William Blair & Company J. C. Bradford & Co.

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Ira Haupt & Co. Hemphill, Noyes & Co. W. E. Hutton & Co. Lee Higginson Corporation

Laurence M. Marks & Co. W. H. Morton & Co. Incorporated Reynolds & Co. The Weil, Roth & Irving Co.

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Overcoming Financial Squeeze In the Airlines Industry

By SIR WILLIAM P. HILDRED*
Director General, International Air Transport Association

Looking at the airline industry's immediate past, contemplating the present and the future, Sir Hildred concludes "we have no room to turn, and we are caught in the great financial squeeze." Despite substantial traffic increases, the Director reports, the deteriorating airlines' financial position is occurring when it must find unprecedented amounts of new capital to finance its turbine-powered equipment program and meet the challenge of the jet age at a cost exceeding the aircraft now operating. Attributes the airline troubles to rising costs, extensive capital commitments and frozen fares, and asks not for a great fare increase but "just a few per cent at most" to provide margin needed to assure a soundly progressing industry

I always like to start by a review of the immediate past—the results of the year 1956. The figures for that year show as yet no evidence of a decline in the rate of traffic increase and from what we know of this year, that expansion has continued without check. In 1956, 78,000,000 passengers were carried by the world's airlines and we should cross the 100,000,-mark at the latest in 1959. Thanks to the rapid expansion of long haul tourist traffic the average passenger has been travelling further and the 78,000,000 passengers accounted for 76,000,000,000 passenger kilometres. Both these figures represent a 15% increase above 1955. Slightly smaller rates of increase were registered in cargo traffic, which rose 13%, and mail, which rose 8%. Cargo has passed the 1,500,000,000 ton kilometre landmark, although its rate of expansion is still rather lower than we had hoped and lagging behind that of passenger traffic. As far as mail is concerned the figures speak for themselves. We have passed the 400,000,000 ton kilometre mark, but for the time being seem to be making little headway as regards volume.

Sir Wm. P. Hildred

On the North Atlantic the results are even more spectacular. In 1956 scheduled operations, IATA Members carried 785,000 passengers, 75% of them tourist. A further 50,000 were carried on charter flights, making a grand total of 835,000 and representing an increase of 20% over the previous year. This rate of expansion will enable us to reach the 1,000,-000 passenger mark next year. Cargo carried has nearly reached the 20,000 ton level while mail is over 8,000 tons. A word of caution should immediately be attached. The booming North Atlantic traffic has brought with it unusually heavy winter loads and favorable load factors, but a large proportion of this traffic was accounted for by immigrant and excursion traffic carried at rates well below normal. This does not mean the traffic was not worth having; on the contrary, in the off-season every passenger is welcome even at a low rate. But it does mean that it takes a lot more than arithmetic to find out how the airlines are doing.

Now that the statistics of air transport have grown so large, it is important to remember the humanity which is at the heart of these figures, and spend a moment untangling the people from the maze of passenger kilometres. It is not enough to say that the passenger transport we perform last year was equivalent to carrying all the people of Ceylon to Australia. The likelihood of this happening is so remote that it means little to anyone, including the Ceylonese and the Australians.

We saw some clues to the human accomplishments of our industry in "Song of the Clouds" at the last AGM—the human values inherent in the flight of a surgeon within Africa to save a life; a Scottish grandmother's flight to see grandchildren in Vancouver; the reunion of an Indian family; the grand tour of two American school teachers through the Middle East; and so on.

There are other clues as well in the surveys which have been done of transatlantic traffic. There is one, I recollect, which enabled us to draw an approximate picture of the 2,000,000th tourist passenger across the North Atlantic. We found that he was young, under 40; that he was travelling both for business and pleasure; and that he was not rich, for his income was $7,000 a year or less; and that he was probably not travelling with his wife. We also found that if this milestone had been reached during the peak travel period, that passenger might well have been female, even younger and with an even smaller income. We also found that these travellers from the U. S. A. left about $900 in Europe.

All these clues point to the most significant fact about the service we render: that it has progressively been brought closer to the actual experience of vastly greater numbers of people. We have talked for years about putting air transport within the reach of the average man and women. Well, we have done it. Flying is not a luxury for the few rich and great; it is part of the daily life and common experience of the multitude.

This is important for the airlines, for it means that we are tapping a larger market; but it is even more significant, for humanity. It means that new millions of people a year are being touched by the magic of flight, that they are more aware of what a small place this world is and how so much of it can be fitted into the horizons of the individual mind; And it means that the barriers of isolation and mistrust between peoples have crumbled just a little more.

We cannot claim all the credit for this. We can thank Providence that much of it has happened because standards of living are rising, as well as because airline fares have steadily come down. Yet there is much we can do to cooperate with the trend, as well as supplement it. It is a good thing, for example, that the U. K. feels it can afford to give its people £100 a year to travel in dollar areas. We should, in cooperation with our friends in the travel agencies and hotels, assist by giving the British tourist the largest amount and very longest trip possible for his £100.

Equipment

The real news of the year is the airlines' re-equipment program, which includes aircraft currently coming into operation and those which we are expecting in a couple of years' time. The figures for IATA carriers alone disclose that during 1956 the fleet of IATA Members has grown by 200 aircraft, or just over 8%. Of the 200, three-quarters were modern four-engine piston and turboprop aircraft. Even those figures understate the extent of the re-equipment program. A number of operators were introducing new equipment in the winter months of this year and by now the proportion of modern four-engine equipment is higher. Thus there will be quite a change in the equipment picture even before the jet aircraft come into operation. Although the latter are not expected to arrive in numbers for a couple of years, a large proportion of aviation resources is being marshalled to pave the way for their introduction. There is a tremendous burst of activity among the manufacturers, governments, airlines and all the allied industries designed to make sure that the jets of the future will come into operation at the right time, that they will function efficiently and economically and that the ground facilities, both technical and commercial, will be ready for them when they arrive.

I do not propose to give an inventory of the aircraft ordered by the airlines and the money they will need for them. These figures become out of date even on the day they are written and will be more so by the time my words go on record. But two comparisons might be useful: the aircraft on order exceed in value those which the airlines already operate; and their approximate cost is roughly equivalent to current annual airline operating revenues. But these comparisons do not reveal much. As an indication of the financial burden on the industry they may serve their purpose. As a reflection of the coming revolution in air transport, they are inadequate. It is difficult to find a really striking expression of what the jet age will mean to the world. It is easy enough to talk of six hour transatlantic crossings and of round-the-world trips in 48 hours. But when we try to convert this simple arithmetic into meaningful terms which reflect the further shrinking of the globe, we are at a loss because no similar change has ever taken place in peace time. Therefore, instead of speculating on the metaphysics of the shrinking world, let me turn to the less fanciful and more immediate problems of the jet age.

Why the Jets?

This is a good point at which to ask ourselves, as many people outside the industry are asking, why the airlines have ordered these big, expensive, turbine-powered aircraft and why we spend so much time and money preparing for their introduction.

It has always been a primary aim of the airlines to give the travelling public better and faster service. Just what, then, will these aircraft give the traveller that he has not had before?

For one thing, they will have much more range. Non-stop flights between many world traffic centers will become commonplace. Technical stops, often in the middle of the night and purely to refuel, which have been so disturbing to the passenger, should all but disappear. I have been flying between London and New York and Montreal for 20 years. It is only very lately that one files non-stop; and it is a joy.

For another thing, the vastly increased speed of the turbine-powered aircraft, combined with its greater range, will cut travelling hours enormously and give the businessman a bonus in his most precious commodity—time. The president of one of the manufacturing companies puts this speed advantage another way: he says that the introduction of jet transports on the air routes of the world will, in effect, make the globe 40% smaller.

These new vehicles will be more comfortable, too. They will really fly above the weather, where storms and turbulence are at a minimum. They will be vibration free and they will be quieter. In other words, they will give the passenger a far smoother ride than anything which has been available to him before.

Summing it up, I would say that the range, speed and comfort of these new transports will bring about one of the most significant advances which has ever occurred in the history of transportation.

Finally — if all other aspects, technical, commercial and economic, of their introduction are properly in phase — they should give the public this significantly improved service at a lower price than has heretofore been possible.

Facilities for Jet Operation

All being well, the first of the large jet aircraft will be coming into service within the next two years. We believe that we shall have the traffic and we hope that we will have the facilities for the aircraft to operate. Let me take these points in reverse order. I will not say in order of importance since they are closely related and one cannot function without the other. It is by now evident that the immediate need of the jet age is not so much new facilities as a new approach to the problem of air traffic control and aerial navigation. In some areas the volume of traffic and its mixed nature will require a drastic revision of existing control procedures. In other areas it will be important, not to devise new facilities, but to make sure that those which have already been recommended for installation and are envisaged in ICAO regional plans should actually be installed with the minimum delay. There will further be the problem of making sure that the airport runways and terminal facilities will be adequate to take the new size aircraft and the higher volume of traffic.

All these changes will cost money and whenever money is involved, problems arise and long debates as to who should pay. I think it would be unreasonable to argue that the airlines should pay nothing. In fact, as things stand, they already pay plenty. Aviation is their business, their source of a rather precarious existence and they would not have undertaken this tremendous expansion program without the belief that the risk was worth taking. But what is often forgotten, and I am bringing this out at the very beginning because it is of fundamental importance, is that the airlines' expenditure connected with the re-equipment program is by no means confined to the purchase of new aircraft. One does not buy a $5,000,000 jet as if it were a new bicycle. Even one jet aircraft necessitates special maintenance facilities, maybe a new base or a new hangar, extensive training of ground and airborne personnel, complete replanning of ground handling facilities and many other changes in airline organization, all of which begin costing money before the aircraft can be put into service and which go on costing money for many years afterwards. I should not be surprised if the secondary expense of putting jets into operation were not in the long run equal to their original purchase price and that, of course, excludes the actual operating cost of the aircraft.

Growth of Traffic

The next question to consider is the extent to which airline traffic may be expected to grow in line with the tremendous increase in capacity which will be provided by the new jets. I believe that, assuming the general economic situation to be good, there is no reason to fear any excess capacity. I have seen many forecasts of future traffic growth and most of them seem to indicate that for a time at least there will be a shortage of capacity which will only ease as the jet fleets of the airlines come into full operation. I do not think that we will aways remain in a state of under-capacity, but surprisingly enough, year after year, events contradict us and show that more could have been used. This is because as times goes on we find that the focus of interest in travel shifts. As each new area is developed it becomes the source of an increasing volume of traffic without any reduction in the volume generated by other regions. Yet despite the steady expansion of traffic every market survey discloses how few people actually travel and how the currently heavy volume of traffic is accounted for by frequent journeys of a small nucleus of international travellers. This shows how great is the untouched potential and how much more could be done to stimulate world traffic.

It cannot be denied that among the stimuli most to be recommended is a reduction in the cost of travel. The airlines have always realized this and have consistently ever since the end of the war championed the policy of cheap travel for the masses. At first they merely offered reduced fares in the off-season or the off-peak periods. This brought them additional revenue and gave the travelling public an appetite for cheap air travel on a less restricted basis. So the great step was taken of introducing tourist services which within a couple of years became almost worldwide. This great change transformed the international picture, and inevitably gave rise to widespread demands for further reductions in the price of travel supported by theoretical proofs of how this could be done profitably.

I do not imply that all the previous fare reductions have been profitable. We have had successes and we have had failures. The effect on traffic of a particular reduction of fares could not always be forecast with accuracy. Taking the industry as a whole, we have kept our heads above water, living off a narrow and precarious profit margin. Yet now when we are about to embark on a further step in the policy of mass travel and we are planning for the jet age, we are being faced with a deterioration in our financial position, resulting from a continuation of rising costs, extensive capital commitments and frozen fares. These are but a few elements of the great financial squeeze.

Airline Finances

Let me start this section with a few facts about airline finances. Every year ICAO prepares an estimate of the operating profits of the world's airlines. The information is derived from figures supplied by the airlines through their governments to ICAO, each in their own currencies. These figures are then converted into dollars, added together, reduced so far as possible to a common set of definitions and presented to the world. Since these figures are based on so many currencies and different accounting systems, it is not surprising that early estimates have to be revised and one cannot be certain of anything except the order of magnitude. It is therefore without any qualms that I tell you about the adjustment in the provisional estimates which I quoted last year. ICAO estimated at that time that the operating profit margin of the world airlines was 1.1% in 1955. The revised figures indicate that this

Continued on page 54

*Annual Report by Sir Hildred at the 13th annual General Meeting of the I A T A, Madrid, Spain, Sept. 9, 1957.

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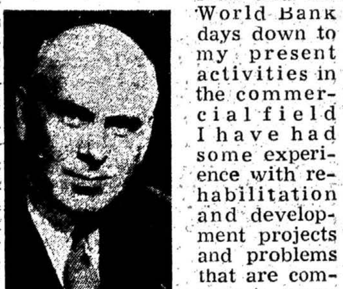
America and the Developing Far East Economies

By JOHN J. McCLOY*
Chairman, Board of Directors,
Chase Manhattan Bank, New York City

Interdependence of the Free World and essentiality of Free Asia's development to the political and economic health of the West are two themes stressed by Mr. McCloy who predicts capital "may well become more readily available to the underdeveloped lands . . . providing . . . the climate and conditions exist to absorb it." The experienced world-aid official notes progress despite greater Asian developmental difficulties compared to the post-war European experience, and urges consideration of private capital in the form of technical aid and training as a principal contribution. Asks for mutual understanding and "deeper appreciation of other fellow's situation."

I am not an expert in any sense on Asia itself. The most I can say is that in one way or another through lend lease, the Marshall Plan and the World Bank days down to my present activities in the commercial field I have had some experience with rehabilitation and development projects and problems that are common to many lands. I do not wish to draw any detailed lessons from that experience but rather I would like to pursue a general approach to the subject in the hope that we can view it in a proper prospective. Details, techniques and methods may then be more sensibly applied.


John J. McCloy

12 Years Ago

My mind goes back to 1945 and my first trip to the Far East. I went entirely around the world, visiting Britain, France, Germany, the East European countries (excepting Russia), the Middle East countries, Pakistan, India, Burma, China, Japan and then home across the Pacific. Unhappily I did not get to the Philippines and southeast Asia, which I have always regretted, but I hope before long to remedy this. I was on an official mission as I was then in government. The atmosphere of destruction and war hung about each place one visited. But wherever one went at that time there was an absolutely terrifying unanimity of thought and feeling respecting the United States. Terrifying because the hopes and aspirations which were centered on this country were as widespread as the countries themselves, and as broad as the populations. There was a prestige attached to the United States that I suppose was then as high as that of any nation at any time in history. So many people looked to the United States for guidance and help that it was frightening to any visitor from that country. The maze of problems and the pyramid of hopes were staggering. Even in the emotionalism of victory it was painfully apparent that no country could possibly fulfill those hopes or maintain that prestige.

Now what was perhaps unavoidable has in part occurred. In place of prestige we hear of dissatisfaction, both at home and abroad. In place of sustained hopes we have considerable discontent and doubt. This is all quite apart from the invectives which so incessantly flow from the propaganda organs of one of those who was formerly allied with us in victory.

*An address by Mr. McCloy before the Far East-American Council of Commerce and Industry, N. Y. City, Oct. 3, 1957.

However, today we are really in a far better position to judge what has been accomplished and what may reasonably be expected to be accomplished as compared with the rather fevered hopes of the immediate postwar period. If we can close our ears to the rasping notes which arise from the cold war propaganda cacophony, we should be able in the light of past results to determine what is reasonably capable of achievement.

I must confess that when I look back on the early trip and picture again in my mind the cities laid in ruin, industries destroyed and countrysides desecrated, and compare that memory with the conditions in many of those areas today, it does seem that a miracle has been wrought and major progress made. Certainly, in the light of all the very real accomplishments in the postwar period, it seems that the disparity which still remains between hopes and realization should in the end be considered manageable.

Proud of U. S. Role

The United States played a not inconsiderable role in this reconstruction in both Asia and Europe—a role of which we are justifiably proud. We regarded the reconstruction task at that time as having the highest priority, and I believe that the perspective of history will show us to have been right. In the case of Europe, recovery was essential to the welfare of Asia as well as to the rest of the world. None of our economies can flourish and grow without it. The underdeveloped lands in particular need Europe's market, and the supplies and equipment they can draw in exchange from it.

But along with the reconstruction, and perhaps not unrelated to it, there came a further development — one with far-reaching and profound implications that even today are not fully grasped by many in the United States. I refer to the establishment of great new nations in Free Asia, and now more recently in Africa. These nations have sprung to life as an embodiment of the aspirations of their people. Freedom and a better way of life are universal objectives, and governments are struggling to find a way to achieve them.

Again, many of these nations have been born out of trial and tribulation. The very restoration of order and the establishment of a society with basic stability has been an immense achievement, the extent of which we are sometimes inclined to overlook. Let us not forget the internal strife that beset so many of these lands, nor the agonies of divided people that gripped Korea and Viet-Nam. We have to acknowledge defeats and disappointments along the way. The issue is still finely drawn in some areas, and a grievous defeat for the forces of free government was suffered in China. But no matter how the balance sheet is drawn, I believe we all would agree that it portrays a record of marked accomplishment—a record that is doubly impressive when one appreciates the brief span of time involved.

Free World's Interdependence

Today, as I suggested the governments of Free Asia are all embarked on a common course—a course dedicated in the end to improving the lot of their people. This is a course with which we in the West are in wholehearted sympathy. We recognize, as do leaders of Asia, that the free world is interdependent—that the development of free Asia and other critical areas is essential to the good health of the West, both politically and economically. Moreover, there is agreement all around that the job can not be done alone, but will require a wide measure of cooperation among all free nations.

Nevertheless, here in America it is often hard for the average citizen to realize that the task of economic development in Asia and other areas can be far more difficult than the one which confronted the nations of Europe in their postwar reconstruction. The nations of the East have not been able to fall back, as for example Germany was, upon old norms, old ways of doing and making things. They are required to experiment, to develop new institutional arrangements, break new paths if the job is to get done. But the need for experimentation and path breaking is not confined soley to them. For the West also faces a formidable task in organizing its assistance to the East—a task again for which there is no real precedent. It is inevitable then—and I think we must bring ourselves to realize this—that in this whole process of growth and change many false starts, many disappointments will be suffered on both sides.

One thing I have learned is that the matter of aiding other countries and peoples to achieve economic strength is a very complicated and difficult process indeed. It was difficult to do in Europe which had a highly developed, if temporarily destroyed economy. But with the so-called underdeveloped areas of the world, the problem is much more complex.

Complexity Involved

Certainly when we look at development programs now being carried out in the Far East, it is possible to single out a number of points of weakness. And it is not at all difficult to put one's finger on mistakes in the programs of foreign assistance adopted by the United States and other Western countries. But as we survey these, I would urge that we all look at them in a spirit of tolerance and with a realization of how complicated the problem is and how long it takes to show definite progress. Above all, what both the East and the West need is a deeper appreciation of the other fellow's situation, and the conditions that inevitably set limits to his action.

Let me cite only one or two instances of what I have in mind. Today some in the West say that governments in the East are trying to do too much — that they must cut back on development programs if inflation and self-defeat is to be avoided. Those of you who were in Washington have heard this stated more than once. Yet one must be fully sensitive to the tremendous pressures that exist in the new countries for tangible evidence of economic improvement. A rising tide of expectations has been set free in many of these countries, capable of engulfing governments. There are severe political problems in the way of cutting back programs, a course so often recommended and which, no doubt, would be safer. But we in the West can scarcely be surprised at a reaction like that invoiced by the Hon. Syed Amjad Ali, Minister of Finance of Pakistan, when he stated that "unless economic growth sufficiently exceeds population increase, the consequential economic stagnation and political frustration are bound to shake the very foundations of democracy which we are trying to lay in our countries. The more realistic and wiser approach would be not to reduce development outlays significantly, but to seek the cooperation of the advanced countries in making economic advance possible."

Then again, there are those who feel that in some instances development programs in the East are not properly balanced — that too much emphasis is being placed on the construction of heavy industry, and not enough on the expansion of agriculture and light industry. The suspicion is voiced that such programs are being influenced by the Soviet experience, or by too close an association of the latest type of steel mill or oil refinery with economic felicity. I do not wonder that the countries in the East might be examining closely the example of the Communist lands. The Soviet Union and China sit right in the backyard of the nations of southeast Asia. These nations of southeast Asia are embarking on what for them is a radical departure—an effort to guide and speed up economic growth in their respective lands. It would be surprising indeed if they did not examine the Soviet and China experience and compare it with that of the West.

Soviet-China Efforts

In looking at the Soviets and China, however, it is well always to keep in mind that there is a fundamental difference between the objectives of our society and those of the Communists—a difference which I believe you will agree holds great significance. Quite apart from political variances, the Soviets have deliberately sought to build a very heavily weighted industrial base—one designed to support a great military potential rather than the advancement of the individual.

But here let me add that the

Continued on page 67

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Commercial Pattern of Borrowing By Commercial Finance Companies

By DR. FRANK J. CHARVAT
Emory University, Georgia

Benefits and limits to finance companies borrowing on subordinated basis are explored by Professor Charvat who finds that this profitably increased use of long-term creditor money should prompt investors to reappraise commercial finance firms. Finds this increased use of borrowed funds has resulted in a bonanza to common stockholder despite increased interest rates changed by loaning agencies.

Concerns engaged in commercial factoring, extending inventory and equipment loans, rediscounting and financing accounts and installment receivables have found unparalleled requests for financial assistance in this period of tight money.[1] In turn, they seek funds for loaning purposes from banks, commercial paper houses, insurance concerns and investors. While all concerns examined have not pursued identical borrowing policies, the trend has been toward the use of:

Dr. Frank J. Charvat

1 Data for this article were obtained from interviews with executives of financial organizations in this industry and from the published annual reports of certain leading concerns primarily active in this field. The type of company considered in this article extends commercial loans as differentiated from concerns that are primarily in the personal finance business.

(1) Long-term subordinated debt as part of capital.

(2) Junior subordinated notes as part of capital.

(3) A changed financial ratio in setting up capital structures.

(4) Long-term indebtedness.

Certain business finance companies that have pursued these borrowing practices have been able to obtain additional funds for lending in a period of tight money without resorting to equity financing. In turn, the increased "trading on equity" has been reflected in improved earnings on the investment of common stockholders. Ceilings, however, on the extent of debt have been established.

Long-Term Subordinated Debt

Established business finance companies generally have been able to obtain credit equal to approximately three to three and one-fourth times their capital. This rule of thumb for finance companies has been established by loaning agencies with whom they have close working relationships. Capital under normal business nomenclature would include common and preferred stock plus surplus—ownership funds. However, agencies that grant loans to commercial lenders have included long-term subordinated debt as part of capital funds in arriving at credit policies.

While subordinated long-term notes have been used by some finance concerns as part of their capital for many years, with the recent popularization of subordinated long-term debt by industry in general, finance companies currently tend to make this medium a larger amount of their capital both absolutely and relatively. For example, in 1947, James Talcott, Inc. had no subordinated long-term debt. By 1956 it was \$5.3 million or 34% of the \$15.6 million total stock and surplus. Walter E. Heller and Company had its subordinated long-term debt rise from \$2 million in 1947 at which time it was 25% of the total stock and surplus to \$14.3 million in 1956 at which time it was 64% of the total stock and surplus of \$22.3 million.

Use of Junior Notes

The second trend in borrowing has been the recent use by commercial finance companies of junior notes bearing 5½ to 6½% interest as part of capital funds. These junior notes are subordinate to long-term subordinated debt. As of May 31, 1957, the Heller organization had outstanding junior notes due 1958-71 totaling \$3,566,666 or 9% of its total capital funds of \$40,009,498. C.I.T. Financial Corporation, a holding company with certain of its subsidiaries active in the business loan field, issued non-current junior subordinated notes of \$50 million in 1954 and increased them to \$100 million in 1956.

As a result of subordinated borrowings, which are regarded only by loaning agencies as capital, the total debt of finance companies measured in relation to capital stock and surplus has risen. In 1947, James Talcott Inc. had loans of \$4.8 million and capital stock and surplus of \$5.4 million, with loans less than capital. By 1956, borrowings totaled \$54.6 million, and capital stock and surplus were \$15.6 million, with debt 3.5 times ownership capital. Similarly, Walter E. Heller and Company in 1947 had borrowings of \$25.4 million and capital stock and surplus of \$7.9 million, with debt 3.2 times the capital. By 1956, borrowings rose to \$119.3 million on capital stock and surplus of \$22.3 million, with borrowings 5.3 times ownership capital.

Benefits from Increased Borrowing

To the common stockholder in a finance concern, this increased use of borrowed funds has resulted in a bonanza.[2] Increased expenses of operation plus borrowing cost reflecting higher interest rates have been met by increased lending rates. However, by "trading on equity" to a larger extent, concerns have experienced an improved profit showing measured by the ratio of net earnings after taxes to common stock plus surplus. For example, Walter E. Heller & Company has shown the following upward trend in earnings:

Year	Ratio of Net Profit After Taxes to Net Worth
1947	15.31%
1949	16.50
1951	18.92
1953	18.89
1955	19.50
1956	19.48

This improvement in net profit has resulted even though interest

Continued on page 67

2 Trading on equity through the issuance of preferred stock by some concerns also has been of benefit to common stockholders. Industrial Acceptance Corporation, Ltd. issued \$10 million in preferred in 1956. During the period of 1947 to 1956, James Talcott, Inc. increased its preferred shares from \$700,000 to \$2,700,000. However, this article is concerned with borrowed funds.

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The Long-Term Business Outlook

By CHARLES T. BRODERICK*
Chief Economist, Lehman Brothers, New York City

Mr. Broderick foresees occasional inventory recessions replacing boom-bust cycles; 30% larger industrial production in 1975 (by 1965); and creeping price inflation unless traditional annual wage increases in excess of productivity gains are ended. These forecasts are based upon basic changes noted in our economy, such as Federal spending supplanting key role of private capital investment, and policies of both political parties, and a trilogy of estimated labor force, work-week length, and productivity growth trends. Believes Census Bureau is too conservative in its projections, and work-week by 1975 will not be less than 35 hours.

The cessation of hostilities in 1945 ushered in a decade of prosperity the like of which America had never known. Yet the next 20 years will undoubtedly far overshadow the past ten.

Charles T. Broderick

America is undergoing a great metamorphosis. Barring another world war, the economy will, in all probability, grow to almost twice its present size in another 20 years. But even more important than its expanding girth, the face of America as well as its personality is changing. The explosive forces which are helping to produce these dramatic changes are mainly population growth, rising productivity and the new concept of leisure and the work-week.

Before we turn the spotlight on these major trends, it is vital that we reassure ourselves that our projections will not be thrown off-target by a cataclysmic economic earthquake such as that which rocked the country in the '30's. To assume otherwise is to pursue a meaningless statistical exercise, for the best-reasoned models of future expansion would be laid to waste by a serious depression. It is our conviction that we will not suffer such a fate again.

Defenses Against Depression

Our belief that the old-fashioned cycle of boom and bust has been consigned to limbo may be reminiscent of the rosy glow of confidence that pervaded the business community in the '20's, but the vista of endless prosperity which then prevailed was the result of wishful thinking and not the product of any radical alteration in the business structure. Today's economy is, in fact, a new kind of economy, fundamentally different from its prewar predecessors.

The first great distinguishing feature of the postwar economy is the economic sophistication of our elected officials. Both major parties are committed to a full employment policy, and for any Administration to countenance a depression would be tantamount to committing political suicide. At the first sign of an impending business disaster our legislators would wisely take action to reduce taxes. How different this is from the recommended prewar practice of combatting a slump by raising revenues and thus balancing the budget. It may be remembered that in the 1932 Presidential campaign the principal plank in Franklin D. Roosevelt's platform was the vow to balance the Federal budget.

A second significant difference between the modern economy and that of a generation ago, which has contributed greatly to improving business stability, is represented by what might be called structural change; that is, a shift in the relative importance of various sectors of the economy. Perhaps the best example of this change is in the category of Federal expenditures. In 1929 such outlays amounted to only \$3.1 billion; in 1937, after innumerable alphabetical projects had been initiated, Government spending was still below the \$8 billion mark. Compared with these sums, budgetary outlays of around \$71 billion for the current fiscal year seem astronomical. All signs point to a continued high, if not rising, level of Government spending. Whether we approve or not, what this means from the point of view of our survey is that, in the event of a business relapse, the magnitude of Federal outlays will, at the very least, lend massive support to the economy.

Moreover, with the emergence of the national treasury as a puissant force in the economy, we need be less concerned about the effect of a slowdown in business activity on capital expenditures. In short, the latter have become far less critical for the well-being of the economy. In 1929, investment in plant and equipment was more than three times the size of Federal outlays. Today, though they have experienced a rapid enough growth in absolute terms, they are only two-thirds as large as Federal expenditures. In consequence of this tremendous shift, the uttermost limits of any possible decline in the combination of these two sources of demand would be around 40%, even if business investment in plant and equipment were totally to evaporate and Government spending were to fail to react at all in response to a softening in over-all demand.

The third major distinction which makes the economy of the postwar era unique is in the gigantic area of consumer spending. The so-called "built-in stabilizers"—social security, industrial pensions, unemployment benefits and farm supports—have already become so institutionalized and so taken for granted that we tend to think of them as an inherent part of the economy. Actually, these cushions under consumer demand were for the most part non-existent prior to 1929.

Another postwar innovation, which too has become a hallowed tradition and acts to shore up disposable personal income, is the annual round of substantial wage increases. So relentless is organized labor in its pursuit of this objective that only a sizeable business setback keeps total wages and salaries from advancing. Unquestionably, then, strong industrial unions and the built-in stabilizers have made consumer purchasing power quite resistant to economic adversity.

Vulnerability to Recession

While we are firmly convinced that the basic changes in the

Continued on page 57

*An address by Mr. Broderick before the American Management Association's special conference on "Planning Ahead for Profits," New York City, Oct. 4, 1957.

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Policies and Attitude In Florida Regulation

By ALAN S. BOYD*
Chairman, Florida Railroad and Public Utilities Commission

Florida utility commission's head asserts "it is inconceivable that . . . [we] would do anything to destroy the growth potential in Florida so far as utilities are concerned" in rebutting fearsome conclusions which followed last June 13 "show cause" order to Gulf Power Co. and Florida Power & Light Co. Commissioner Boyd states rate of return is subservient to Commission's concern about the dollars required, and declares that this policy finally resulted in a 6.98% return in the case of the Florida Power & Light, assuring stockholders a fair return and consumers a fair and reasonable rate. Expresses pride in resultant better rate structure, which the utility feared to tamper with, and in inducing the firm to charge interest during construction which can be capitalized.

While it is true that we have had some threatening hurricanes this fall and we do have every year, none of them have visited Florida recently. Some investment counselors, however, seemed to think that a hurricane was brewing in the field of utility regulation as a result of the Florida Commission's Show Cause Order issued to Gulf Power Company and Florida Power & Light Company on June 13 of this year.

Alan S. Boyd

We are all concerned when a hurricane threatens in Florida, and no doubt some of you have a similar feeling when a rate order is directed toward one of the companies in which you are interested. There were some who thought that the fact of issuing a Show Cause Order in itself proved the Commission was going to be unreasonable as to rate of return, and others who argued that now was no time for the Commission to issue such an order because of the tremendous growth in Florida and the need for further financing of our utilities.

We are both proud and grateful for the tremendous growth of our State of Florida. Our pride is increased by the firm belief that the policies and attitudes of the Railroad and Public Utilities Commission are a positive and constructive element of our current and prospective growth. It is inconceivable that our Commission would do anything to destroy the growth potential in Florida so far as the utilities are concerned.

Governor Collins and the Florida Development Commission, which was inaugurated under his leadership, have induced many nationally known industries to locate in Florida. Governor Collins and his associates have diligently espoused the fine natural climate which could be enjoyed by the personnel of these industries and also the favorable laws and excellent business climate which is found throughout the State of Florida. We on the Florida Commission are disciples of the same philosophy.

Places that were farms yesterday have become huge shopping centers today. Parts of the Everglades under water for many years are being drained and filled and will be occupied in the near future by Pratt & Whitney and other companies of similar magnitude. Without the ability of the utilities to construct the necessary plants and distribution lines in advance of occupancy, this great construction development would cease. I should like to make it absolutely clear right here that the Florida Railroad and Public Utilities Commission is just as concerned with the financial stability of the utilities in our state as is management and as are the investors who have shown their confidence by investing in Florida's future.

The Commission feels that a practical approach to sound regulatory theory is the only way to deal with the problems confronting us from day to day. As Mr. Petteway told you in 1954, the Florida Commission has never been greatly concerned over the rate of return. It has been much more interested in the dollar requirements of the utility; that is, how many dollars are required in order for the utility to meet its operating expenses, depreciation charges, taxes, maintenance expense, debt service, dividend requirements and transfer a reasonable amount to surplus.

Once the dollar requirements have been ascertained, it is a matter of simple arithmetic to relate the total dollars to the rate base and ascertain the rate of return authorized for the particular utility. In addition, this method of arriving at a rate of return places the goal of regulation in its proper perspective. It assures the equity owner of the utility a fair return on his investment while at the same time providing the utility consumer with fair and reasonable rates.

In connection with rate of return and our treatment of equity-owner interests, I should like to discuss with you the Florida Power & Light case and our handling of it during this summer. I will not refer to the Gulf Power case as it is still before the Commission.

Florida Power & Light has had for many years fixed municipal boundaries for its rate structure, and as a result of the phenomenal growth that has taken place in Florida, (at the time electrical utilities were placed under the jurisdiction of the Commission) much of the territory outside of the city limits was even more thickly populated than in certain areas of some of the cities. Both residential and commercial rates were established by the same boundary system. Primarily as a result of this growth, there had developed wide areas of discriminatory or, if you prefer, preferential rates; rates being charged and paid which were not right. The Company was aware of this situation but they had a very natural reluctance to tamper with the rate structure for fear of opening Pandora's Box.

Furthermore, the company's earnings were considerably in excess of that required to meet all its operating costs and expenses, its debt service, dividend and common stock appreciation, and more than that required for raising additional capital for its continued expansion, in our opinion. I might add that this was true of the year 1956 and the very capable management of Florida Power & Light was industriously improving on their 1956 earning record during the part of 1957 which records were available. In such a situation our duty to the consumer became for the moment paramount. So, as a result of these two matters, we issued our order on June 13 of this year, requiring Florida Power & Light to reduce its rates so that their rate of return would not exceed 6½% and to eliminate their preferential rate structure or be prepared to show cause why they should not accede to our Show Cause Order.

It is of only academic interest at this time, in view of our final rate order, but for clarification, I should like to explain why we directed the company to reduce its rates to obtain a 6½% rate of return. We felt that some reference point should be established for purposes of comparison and therefore utilized the approximate rate of return authorized to the Florida Power Corporation in 1953. We did not require Florida Power & Light to revert to a 6½% rate of return. As I stated earlier in my talk, we are not wedded to any particular theoretical formula. We are more concerned with the dollars required. That is the reason why we authorized Florida Power & Light the rate which we ultimately approved considerably in excess of 6½%.

From the outset, the utility management and the Commission were in accord on the fact that preferential rates were neither wise nor beneficial and should be eliminated. The results were that one of three residential and one one of three commercial rates was completely eliminated and new rating areas were established for the remaining two rates in both the residential and commercial categories. One rate applied to metropolitan areas and the remaining rate to be applied to electricity distributed in the smaller districts. This we all agree was one very constructive result of our Show Cause Order.

Some complications arose over the figuring of working capital requirements and items to be considered for the rate base. The company accepted the overall reduction in rates, which amounted to some $4,725,000 in gross revenue, but at the same time opposed the fixing of any rate base or rate of return unless the rate base was predicated on total capitalization of the company. The Commission did not and does not agree with this position.

We are required to fix the rate base for the utilities under our jurisdiction at the net amount of money actually and prudently invested in the property used and useful in the public's service. We, therefore, took the electric plant account, deducted plant reserves, deducted contributions from customers used for construction purposes, deducted a storm reserve of some $7,000,000 and added to it the staff's recommended figure for working capital, which generally followed the formula used for working capital in prior rate cases.

We did not allow construction work in progress except on these items: One is for construction work in progress which will shortly be in service; another is construction items where the outstanding balances were under $50,000; and the last is for construction work designed to improve existing service but not replacing old equipment. On other construction work in progress we felt that the proper mode of handling would have been to charge interest during construction. This the company had not chosen to do but I have been recently informed that their policy now is to charge interest during construction, which may then be capitalized. The result of our rate order issued Aug. 27 was to grant Florida Power & Light a return of 6.98% on a rate base of $302,404,378. In comparison with the earnings on common stock of other similar utilities, we feel that our action represents fair treatment to the common stockholders of Florida Power & Light securities.

I believe our Commission is one of the few, if not the only Commission, to recognize the advantage of both fuel and commodity adjustment clauses in residential and commercial rates. Fuel adjustment clauses alone, of course, are standard practice in power schedules. Our Commission first considered these automatic adjustment clauses in the Florida Power case. There we authorized a fuel escalator clause and also a commodity adjustment clause in an effort to eliminiate a series of rate cases coming on a tide of inflation, and to establish fair rates to the consumer regardless of the vagaries of economic currents. After observing the action of these clauses in operation in the utilities regulated by the Florida Commission, we are thoroughly convinced of their benefit to us, to the utility and to the consumer. The Florida Power & Light new rates contain both a fuel and commodity clause which have been brought up to date with the fuel clause more nearly approximating the changes in the cost of fuel based on improved economies in the power plant.

We are all vitally concerned with the continued growth of industry in Florida. This growth could not be expected to continue without the vast sums of money that are invested from outside the State. It would be very foolish, therefore, for us to take the welcome mat off our doorstep. I should like to emphasize that so far as the Florida Railroad and Public Utilities Commission is concerned, we are going to do our best to see that the capital invested in Florida is treated fairly and that the customers are also treated fairly, and if we err in either direction it will be purely unintentional and remedied as soon as it is brought to our attention.

*An address by Mr. Boyd before the New York Society of Security Analysts, New York City, Oct. 2, 1957.

Secretary of Navy To Address N. Y. I.B.A.

Thomas S. Gates, Jr., Secretary of the Navy, will speak before the New York Group of the Investment Bankers Association at the association's annual dinner on Wednesday, Oct. 16 at the Waldorf-Astoria Hotel. "The Navy Service—in the Future" will be the Secretary's topic.

On the basis of reservations already received, it is expected that more than 1,000 members of the Group and their guests will be present, according to Walter H. Steel, Chairman of the Group.

Anderson & Strudwick Admit H. A. Roberts

RICHMOND, Va. — Anderson & Strudwick, 807 East Main Street, members of the New York and Richmond Stock Exchanges, on Oct. 17 will admit Harry A. Roberts to partnership. Mr. Roberts, a member of the Richmond Exchange, has been associated with the firm in the municipal department.

This is not an offering of these shares for sale, or an offer to buy, or a solicitation of an offer to buy, any of such shares. The offering is made only by the prospectus.

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October 8, 1957.

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Mortgage Market Observations and Mortgage Lending Challenges

By HARRY HELD*

Vice-President, The Bowery Savings Bank, New York City

N. Y. Savings banker examines current and anticipated future housing conditions, mortgage money market, and problems in store which might impel increased governmental intervention unless there is more effective mortgage lending and home building activities. Mr. Held reviews efforts made to confine government efforts in the secondary market to directing funds to scarce areas and to relieve only temporary lack of liquidity conditions, and warns that any further direct government lending inroads will reduce mortgage investment opportunities available to private enterprise. Praises Voluntary Home Mortgage Credit Program, and discusses two plans offering a new approach to financing mortgages; one would insure or support conventional mortgages in the secondary market, and the other would form a corporation to issue debentures backed by insured mortgages.

The last sentence in Dr. J. E. Morton's book on "Urban Mortgage Lending," published last year by Princeton University Press, states: ". . . the evidence suggests that for the improvement of lending policies increased importance must be attributed to the correct observation and analysis of conditions in the economy as a whole: to factors affecting loan experience that extend far beyond the horizon of individual mortgage transactions."

Harry Held

This suggestion, among others which were generated as a result of the comprehensive survey made by Dr. Morton of the comparative markets and experience in mortgage lending, is in my opinion, a most timely one. I dare say no one will deny we are living in a dynamic economy; also that the trend of the economy as a whole will become more and more dynamic in the years ahead.

To explore all the economic, social and political aspects which have bearing upon mortgage lending would require a several day seminar to just cover them in outline. However, within the limitations of this paper I would like to give my observations and analysis on some of the conditions which we are facing and on some future problems.

Let us ask ourselves if there is any validity to the suggestion that "for the improvement of lending policies, increased importance must be attributed to the correct observation and analysis of conditions in the economy as a whole." The answer is rather obviously in the affirmative in the light of our experience in recent months of the "tight money" and the rising interest rate markets. It is also in the affirmative in the light of maximum production in our economy, industrial expansion and population growth. Likewise, the affirmative answer becomes more obvious when we recognize that the construction industry is conceeded to be a bulwark of economic prosperity and that housing, which has been a matter of national policy since 1934, has reached such stature that recommendation has been made to change its status from an administrative function to one of Cabinet post and rank.

*An address by Mr. Held before the Savings Bank Association of Massachusetts, Sept. 14, 1957.

Government's Role

Let us analyze the question of the Government's role and present activity in the field of housing.

In the enactment of the original National Housing Act in 1934 the preamble stated that the fundamental purpose of the legislation was "to encourage improvements in housing standards and conditions."

Two further goals were set in this legislation—one to provide a financing system to make debt-free homes possible for American families, the other to exercise a degree of stability in the mortgage and real estate market. These fundamental purposes were expanded in the Housing Act of 1949 through a Declaration of National Housing Policy which states:

"The Congress hereby declares that the general welfare and security of the nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of sub-standard and blighted areas and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth and security of the nation. The Congress further declares that such production is necessary to enable the housing industry to make its full contribution toward an economy of maximum employment, production, and purchasing power."

An additional provision of the Housing Act of 1949 consolidated all Housing Agencies under a newly created Housing and Home Finance Agency as the co-ordinating head of many and various administrations having to do with housing. Under its jurisdiction are included the FHA, PHA (Public Housing), the Federal Home Loan Board, Urban Renewal, Research, Alaska Housing, Community Facilities, Federal National Mortgage Association, School Housing for Primary and Secondary Schools, College Housing for Faculty Use, Disaster Housing and many other duties of the same nature.

From this brief resume of the basis of National Housing policy and the activities centralized under the HHFA, there can be little doubt that the role of the Federal Government in housing and mortgage lending is an economic factor of prime importance to mortgage lending institutions. While the Veterans Administration home loan program is independent of the HHFA, it likewise must be considered as a major factor in the Government activity in the housing and mortgage field.

Direct Government Lending

While the major emphasis in the Government's housing program has been one of encouragement of private enterprise to build and finance housing, the direct lending activities of the Federal Government through the Federal National Mortgage Association and through the Veterans Administration direct loan program have been expanding in recent years. Originally both of these programs were for the purpose of supplementing the secondary market for mortgages in areas where capital is unavailable through private lending sources. We have consistently testified before Congressional committees, on behalf of our National Association, that the Government's activities in the secondary market should be confined to their original purposes of directing mortgage funds to areas of scarcity and in relieving temporary situations of lack of liquidity.

We have likewise constantly opposed any use of direct Government lending for the purpose of pegging unrealistic interest rates on federally underwritten mortgages and the use of the Federal National Mortgage Association facilities for the purpose of financing special assistance programs under FHA at rates of interest far below current mortgage rates. In the 1957 Session of Congress a Senate proposal was included in the housing bill to expand the already approved Military and Cooperative Housing Special Assistance Programs in order to make the following additional groups eligible for special assistance from FNMA for four (4) per cent mortgages insured by FHA:

(1) Persons of moderate income.
(2) Persons whose inability to obtain adequate housing accommodations in privately financed housing is attributable to race, color or creed.
(3) Elderly persons.
(4) Single persons.
(5) Persons having five or more dependents.

The financing terms under these programs were to be liberal to an extreme and the proposal carried with it an authorization for the purchase of $250 million of these mortgages through the Federal National Mortgage Association Special Assistance Program. While we have no quarrel with the social objectives embodied in the proposal, the intent of which was to raise the housing standards of these groups, we have voiced objection to any program as a special assistance program of governmental purchase of mortgages at par, based upon the opinion that such programs can lend themselves to abuse and unwise use of commitment authority, as well as being self-defeating. In addition, such programs would be certain to add to the fires of inflation and be inconsistent with other actions taken by the Government to stem inflation.

Meeting the Challenge

This legislation, although defeated this year, presents a challenge to all institutional mortgage lenders and home builders to demonstrate that these segments of our population can be adequately housed and that financing can be provided by private mortgage lending sources without the necessity of direct Government lending. That such a demonstration is necessary at this time is self-evident because the further the inroads of direct Government lending are made the less mortgage investment opportunities will be available to private enterprise. Expansion of Government credit into special assistance programs is an opening wedge toward more and more direct Government lending.

If private enterprise cannot meet the challenge of financing the housing needs for all segments of our population, there is little doubt that, willingly or unwillingly, there will be expansion of direct governmental lending. In this connection it should be noted that direct mortgage lending by Government at low interest rates has not been exclusively limited to the Federal Government. In quite a few States the State Governments have embarked upon direct lending programs primarily for veterans and urban rehabilitation and slum clearance. Thus, by use of governmental credit secured at low interest rates, there have been available to specific segments of our population mortgage funds at interest costs below current rates of interest on privately placed mortgages.

Expansion of such direct lending can only be combatted by private enterprise through a recognition of the necessity of gearing mortgage lending policies and practices to the needs of our population as a whole. Private enterprise has already made the first successful stride in this direction through the Voluntary Home Mortgage Credit Program. In directing funds to areas of scarcity the participants in this program have constructively minimized the necessity for direct lending by financing mortgages on a sound basis in such locations. The maximum effectiveness of this program depends upon maximum participation by all mutual savings banks in meeting the challenge of direct Government lending.

Fixed Interest Rates

One of the foremost questions in the housing market involves the availability of mortgage investment funds. During the past year, capital which normally would be invested in mortgages has been diverted to other investment media, and Government-sponsored housing programs have lost much of their effectiveness. The First National City Bank's Monthly Letter of June, 1957 in an article on Mortgage Credit in an Inflationary Economy, comments on this situation as follows:

"One reason the housing industry has been particularly sensitive to a tightened money market is its dependence on Government-backed mortgages with relatively inflexible interest rates. The effects of this political control are such as to cause VA and FHA activity to fluctuate widely. It is apparent that these programs will virtually disappear unless they become a marketable rate.

"The proposals now before Congress to supplement the supply of private mortgage money do not operate to encourage new savings. All require the Federal Government to borrow in the market more than it would otherwise borrow, tending to raise the rate of interest further and be inflationary."

Fixed interest rates on FHA and VA loans have undoubtedly been one of the major factors in such diversion of investible funds. On a yield basis federally underwritten mortgages have been at a progressively greater disadvantage. Efforts to free the interest rate on such mortgages have not only been rebuffed by Congress, but discounts on such mortgages have, legislatively, been made subject to regulations by the FHA and VA administrators. While the unattractiveness of federally underwritten mortgages, from a yield standpoint, has been a major factor in the contraction of funds available for mortgage investment, other factors have also taken their toll. Many institutions have already reached, or are close to their desired percentage of mortgage investments in relation to their total assets. Higher interest rates have had a discouraging effect upon refinancing of mortgages and the making of prepayments on existing mortgages thus tending to reduce somewhat the supply of investible funds from these sources. In addition, the median price of houses has increased (to $12,000 in 1956 compared with $10,000 in 1955) requiring more mortgage dollars per unit. As a matter of fact, mortgages have increased in size more than house values. In early 1957 almost five in ten mortgages equalled 50% or more of the owners' estimates of home value in contrast with less than four in ten in early 1949.

All of these factors have had a bearing upon the supply of mortgage investment funds and new sources of mortgage capital are being sought from pension funds and union welfare funds. The situation has also, in effect, forced action toward meeting the need for a new approach to financing home mortgages.

Loan Guarantee Plan

A plan sponsored by the United States Savings and Loan League is already before Congress. This plan would create a Home Loan Guarantee Corporation under auspices of the Federal Home Loan Bank Board with $50 million capital stock to be subscribed by the Federal Home Loan Banks, which would partially insure or support conventional mortgages in the secondary market in much the same way as the Government does for FHA and VA mortgages but without limited interest rates. The National Savings and Loan League is also working on a proposal to be made next year for the formation of a corporation which could issue five- or ten-year debentures to be made available for trust funds, pension funds and other types of investors who do not like long-term mortgages. The FHA has already given its blessing to a plan formulated by the Institutional Securities Corporation of New York to issue debentures backed by FHA mortgages, for sale to pension, trust or other funds.

Meeting Future Needs

At the present time, we are at a crucial crossroads in the field of mortgage investments. While housing production of between one (1) million to 1,100,000 new units annually would represent a satisfactory level for the next few years, we must gear our mortgage lending mechanism to finance substantially greater new housing production in the 1960 to 1970 period. Conservative estimates of new housing needs in this period indicate about 1½ million new units annually to adequately take care of demand through population and new family formation growth. One bright spot in the availability of funds in the 1960s is that the rate of a mortization on existing level payment loans will be at much higher levels thus creating a good basic supply of reinvestible funds. However, much thought must be given by private mortgage lenders now as to how to meet the demands of the '60s in order that machinery may be set up in advance to meet the situation.

On the immediate horizon is the big question as to how housing can be provided for middle income families at prices and carrying charges which they can afford. Chairman Rains of the House Banking and Currency Committee has already announced that he will hold hearings on this vital subject. A Senate report stated that:

"Families of moderate income —earning roughly between $3,500 and $6,000 a year—are finding in today's market that the price of adequate housing is beyond their reach."

The 1957 Survey of Consumer Finances conducted by the Board

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of Governors of the Federal Reserve System made the following findings:

"The recent growth in home ownership was concentrated largely among spending units with incomes of $5,000 or more in 1956 dollars. In early 1957, 79% of all non-farm spending units with incomes of $7,500 or more, and 64% of those with incomes of $5,000-$7,499, were home owners. The corresponding figures in early 1949 were 69% and 55%. In part as a result of the movement of spending units into higher income groups from early 1949 to early 1957, consumers with incomes of $5,000 or more owned more than one-half of all non-farm houses early this year, compared with only three-tenths in the earlier period."

In 1956 the median income of purchasers of new and existing homes was $5,640.

About 5% of all non-farm spending units purchased houses for their own occupancy in 1956, according to the survey of Consumer Finances. Two-thirds of these purchases were existing houses. One-third of the consumers who bought new and existing houses in 1956 sold another house at the time of the purchase. These consumers bought higher priced houses than other purchasers. As might be expected, the proportion that sold another house at time of purchase increased with the age and income of the head of the spending unit.

The Survey further indicates that:

"Prices (in current dollars) of new and existing houses have increased markedly since the early postwar period. Only one-fourth of the spending units that purchased houses in 1947-49 paid $10,000 or more, compared with about three-fifths of all non-farm spending units that purchased houses during 1954-56. The price advance has differed for new and existing houses. In the new house market, higher prices have reflected steady increases in construction costs, which totaled about one-fourth between 1948 and 1956, and the building of larger, better equipped houses. For existing houses, most of the price rise occurred between 1947 and 1952; since then existing house prices have shown relatively little change."

Sales Depend Upon Resales

These facts would indicate that to some extent the sales market for new homes in the higher priced brackets is dependent upon an active resale market in the older homes, also that the home building industry priced itself out of part of its market by concentrating on larger homes, attachment of more and more equipment and the fact that building costs rose during 1956 keeping pace with the general increase in price levels. With a tight mortgage money situation and rising interest rates, difficulty was encountered by would-be purchasers of older houses in financing their purchases, and the monthly cost of debt service also increased, requiring higher income levels to meet such charges. During the peak years of the '20s the then middle income housing problem was met to a great extent by the building of rental apartment units. In this period nearly half of the dwelling units built were in apartments. During the past few years single family dwellings have accounted for between 80 and 90% of the new dwelling unit construction.

It also has been contended that the scarcity of financing, for smaller homes, caused some builders to concentrate on larger and more expensive conventionally financed homes. Many other causes have also been voiced in connection with the high price level of homes at the present time, two of the most prominent being higher land and land development costs, and increasingly restrictive building codes and ordinances.

While many reasons may be advanced to justify present new house prices, the fact remains that the middle income group cannot afford to buy at present price levels and Congress expects to do something about the situation. As Chairman of the Committee on Mortgage Investments of the National Association, I would wholeheartedly welcome any comments or suggestions on this question to guide our committee in the hearings which will be held.

Tremendous Task Ahead

The housing industry of our country faces the tremendous task of keeping housing production moving at levels consistent with population demands. Some idea of this task was outlined as part of an editorial in the November, 1956 issue of "House and Home," which in part read as follows:

"Close to 900,000 new homes are needed each year just to keep up with net new household formation (around 750,000 a year), farm to city migration (around 75,000 a year) and demolitions incidental to fire losses, highway development and store, factory and apartment construction, etc. (probably another 75,000). So if we build 1,000,000 new homes a year we would have only 100,000 available to replace dilapidated and outworn units. At that rate it could take 80 years to get today's 8,000,000 sub-standard units off the market and 470 years to turn over our present housing inventory. If we build 1,100,000 units a year it could take 40 years to get today's junkers off the market and put replacement on a 235-year cycle.

"Neither of these alternatives offers much hope of raising the standard of housing or providing anywhere near enough homes such as most Americans will want in 1980, when the median family income will be over $8,000."

Financing Housing

Financing this production depends upon the availability of mortgage financing. One might say that he is interested only in his local situation but I would like to point out that each single transaction which takes place locally eventually ends up in the national figures. Mortgages have, for over a century, been considered prime investments for savings banks. Since 1934 housing has become a matter of national policy. What are the roles that Government and private enterprise should take in the field of housing? Senator John Sparkman, Chairman of the Sub-Committee on Housing, of the Committee on Banking and Currency of the United States Senate, in an address to the Southern Conference of the Mortgage Bankers Association at Atlanta, Georgia, stated his basic philosophy with respect to this question, as follows:

"I believe it is the function of Government to encourage private enterprise to do the job and to take direct action only where it is necessary to fill in the gaps left by private enterprise. This is a traditional American principle which, as you know, is easier to state than to apply to specific cases.

"Second, I believe it is my duty to the American people to learn what their needs are, and to assist them in obtaining at least their minimum requirements.

"I can state very briefly what I believe are the most urgent housing needs:

"We need a good, lower-priced house. This would enable us to broaden the market for housing to meet the needs of middle- and lower-income families.

"We need a more effective mortgage market. Private mortgage banking is being called upon, as never before in our history, to create and operate the market mechanism that will assist millions of Americans to obtain better housing at prices they can afford.

"Whether the immediate and long-term housing needs of the American people will be met with a small or large degree of Government assistance is a decision that is as much the responsibility of you in private mortgage banking as it is for us in the Congress.

"If you produce the mortgages and distribute them in a manner that meets the demands and the requirements of the majority of the American people, the pressure for Government assistance and regulation will be minimized. But until you do, or at least give substantially more evidence that you can, the present pattern of responsibility and control is not likely to undergo any great change."

Summary

Summarizing, it seems to me that to appraise the present mortgage situation and make sensible predictions of the future, we must look not only at the mortgage market itself but at the broad economic picture. Specifically, in making judgments in this field, we should recognize:

(1) The amount of mortgage money available in recent months has decreased because of the competitive interest rates on other investments, the decline in payoffs and the saturation of the mortgage portfolio from the policy standpoint of lenders.

(2) The demand for mortgages has somewhat slowed down as indicated by the Consumer Survey.

(3) Even though the demand has slowed down, there has been an outcry for mortgage money which has impelled Congress to step up its attempts to have Government play an increasing role in mortgage lending. This tendency, if permitted to grow, will not only reduce the opportunities for private enterprise in mortgage lending but will contribute to inflation which in turn will hold interest rates high and contribute to further price increases, thus aggravating the entire situation. This problem is further aggravated by the virtual certainty that commencing three or four years from now there will be a dramatic increase in population and family formation which will again challenge the ability of private lending institutions to meet mortgage demands.

Housing is an essential commodity and traditionally its financing requirements have been effectively made available by private enterprise. The function of Government, as stated by Senator Sparkman, should be "to encourage private enterprise to do the job" but in this process the private lending system should be sure that steps taken by the Government do not impose unrealistic restrictions on private lending nor lead to the preemption of the field by direct Government lending.

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Eric G. Hoyer has become associated with Reynolds & Co., 629 Second Avenue South.

Continued from page 2

The Security I Like Best

the writer's only criticism of the institution. The present directors, other than officers, are all heads of industry with no great financial stake in the bank. Much of the family stock interests are now held in the trust department of the bank for heirs, and their votes at annual meetings could be a source of in-grown control by officers. This should be remedied.

Admitted book value of the bank's stock is about two-thirds of current market, but real book value may equal or even exceed it. Currently, First National Bank of Chicago stock yields about 2½% on market, but a substantial stock dividend seems imminent. From the bottom of the depression to date, the stock has enhanced 20 times, and in the past 15 years about five times. While this record may not be equalled in the years immediately ahead, a good growth can be reasonably anticipated for many years to come. There is an esprit de corps at this bank of long duration. If it maintains, as it should, it is a great hidden asset in itself.

Daniel Weston Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Jeremiah Casselman and Joseph W. Cornwall have become connected with Daniel D. Weston & Co., Inc., 9235 Wilshire Boulevard, members of the Pacific Coast Stock Exch.

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THE MARKET . . . AND YOU

By WALLACE STREETE

Something like two years' work was wiped out by the stock market this week when the industrial average finally broke through the February resistance level on the downside. And, while the list did find some support both from bargain-hunting and short covering when the average reached around the 450 level, it was still not a conclusive showing and it is up to the market to demonstrate what comes next.

Doubtful Signals

For market technicians the crucial level now is around 430 for it was in this area that solid resistance was met on the break following the President's heart attack in late 1955. Whether or not this is indicated is moot. And, although penetration of the 454 level constituted a bear market signal, there was little stress on this feature, particularly since there have been two bear signals given in the long runup and both subsequently proved to be false ones.

* * *

There wasn't much to cull out in the way of issues bucking the list with determination, except that some of the prime missile concerns, and especially those with an important role in this country's satellite work, were in demand on the theory that missile work will get new stress in the defense budget following Russia's successful launching of an artificial moon to beat us to the punch.

* * *

The switch to missiles was to some extent at the expense of the aircraft issues since official denials that any great increase in spending is imminent were taken generally as meaning funds already available will be shifted to the missile-makers such as Martin which has a leading role in our own satellite plans.

Sinking Aircrafts

Some of the prime aircraft shares were given to sinking when the list was heavy and the fighter plane outfits, such as Grumman and Republic were definitely laggard. It didn't help either that layoffs at Republic dominated the labor picture in the plane field. There was restrained enthusiasm for the makers of rocket fuels, with U. S. Borax able to counter the trend while Olin Mathieson, despite its contract to get going on high-energy fuels, was far from a standout.

* * *

Steels were on the heavy side more times than not, chiefly because there is still no sign of a sharp pickup in orders from the automotive industry. It didn't help, either, that there was some sort of debate in various media going on around the question of whether steel capacity hasn't already outrun demand, with expansions already in progress both adding substantially to this year's facilities and with additions running well into next year.

* * *

Even in cases where yields of better than 6% were available before this week's selling, such as in Wheeling, Republic and National Steel, this fact was of little help and new lows for the issues were posted without too much pressure on them. For that matter the two top producers —Bethlehem and U. S. Steel —in the 5% or better bracket were also reactionary and reached new low territory.

Firmer Drugs

Drug shares continued to give a good account, generally hovering around their 1957 highs although there was an occasional disruption, as in Allied Laboratories on word that the demand for flu vaccine would be tapering off sharply as the spotty epidemics showed signs of abating.

* * *

Vick Chemical was able to stand out prominently, showing superior strength in desultory markets that even included a small plus sign when the list was violating its supposed resistance level. The company has come a long way from when it was famous mostly for its single cold remedy. Over nearly two decades the company has been carefully adding other drug firms to its family and in the last decade its sales more than doubled. They are still climbing and in position, on the same increase over the year ago, to cross the $100 million mark in the 1957-58 fiscal year. The company is preparing to effect a 5-for-4 stock split once stockholder approval is on the record and dividend, increased last year, is slated to be boosted again on the new shares after the stock distribution.

* * *

Allied Laboratories is a comparative newcomer to big time listing since until August it was a Midwest Stock Exchange item. Despite its newness, it is a high-ranking item on lists of high-grade investment issues and its diversification extends to several hundred items in the pharmaceutical line. This is a fast growing field and the company estimates that products introduced only since the time of the Korean War now account for two-thirds of sales.

Colgate Palmolive is something of a rarity in that it hasn't been influenced by either the enthusiasm of earlier this year, or the pessimism of late, and has pursued a calm, unemotional market life. So far this year the issue has held in a range of only eight points and lately has been hovering around dead center.

* * *

Colgate was no star in the earnings department last year, with profits trimmed rather sharply by heavy promotional expenses to launch new products. Sales, which climbed to the half billion mark last year, are expected to show a slight trim this year but, because the extra expenses will be eliminated, net profit is expected to be materially higher. For the future, the company has shown itself acutely cost-conscious recently and has undertaken economy measures that still give it a chance to show an improved earnings trend not only this year but also for a while ahead.

Bulls on Bowling

In the recreation field, the interest was definitely centered on bowling. American Machine & Foundry reported record sales and earnings for the first half of the year but this wasn't much of a prop in the sick markets and the stock lately has been available at a discount of some 10 points from its year's peak. Unlike Brunswick-Balke's automatic pin-setting machines, which are sold outright, those of AMF are installed on a rental basis with all that this means to continuing revenue. While rentals last year only accounted for about an eighth of total revenue, some estimates are that these funds accounted for around half of the company's actual profit for the year and the pinspotter is the fastest growing item in the company's line.

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

With Penington, Colket

PHILADELPHIA, Pa.—Penington, Colket & Co., 123 South Broad Street, members of leading stock exchanges, announce that William B. Brown, Jr. has become associated with them as a registered representative.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Ben R. Christian is now with Dempsey-Tegeler & Co., 209 South La Salle Street.

With Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

BANGOR, Me.—John T. Kelleher is now with Schirmer, Atherton & Co. of Boston.

R. F. Campeau Adds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Harold A. Hein has joined the staff of R. F. Campeau Company, Penobscot Building.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

The Nominating Committee of the National Security Traders Association has proposed the following slate to be voted into office at the Convention:

President—Robert D. Diehl, Paine, Webber, Jackson & Curtis, Los Angeles, Calif.

First Vice-President — Lester J. Thorsen, Glore Forgan & Co., Chicago, Ill.

Second Vice-President—Edward J. Kelly, Carl M. Loeb Rhoades & Co., New York, N. Y.

Secretary — William Nelson II, Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn.

Treasurer — Charles A. Bodie, Jr., Stein Bros. & Boyce, Baltimore, Md.

Robert D. Diehl

Lester J. Thorsen

Edward J. Kelly

William Nelson II

Charles A. Bodie, Jr.

The National Security Traders Association will hold its 24th Annual Convention, Nov. 3-6, 1957, at the Homestead Hotel, Hot Springs, Va.

Edward H. Welch, Sincere & Co., Chicago, Ill. is Chairman of the Convention Committee and Garnett O. Lee, Jr., Scott, Horner & Co., Richmond, Va. is Chairman of the Entertainment Committee.

Several meetings are scheduled to discuss the Over-the-Counter Market, by far the largest in the country. Endeavor will be made to increase the public understanding of how vital the over-the-counter security traders are to the economy of our country.

The principal speaker at the convention will be Edward N. Gadsby, newly designated Chairman of the Securities & Exchange Commission. Chairman Gadsby succeeds to the vacancy created by the resignation of J. Sinclair Armstrong.

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York is reminding members that their annual cocktail party and dinner dance will be held Oct. 12 in the Grand Ballroom of the Hotel Commodore. Cocktails will be served at 7 p.m., with dinner at 8:30. It will be informal.

Tariff is $30 per couple. Reservations may be made with the Chairman, Arnold J. Wechsler, Ogden, Wechsler & Co.

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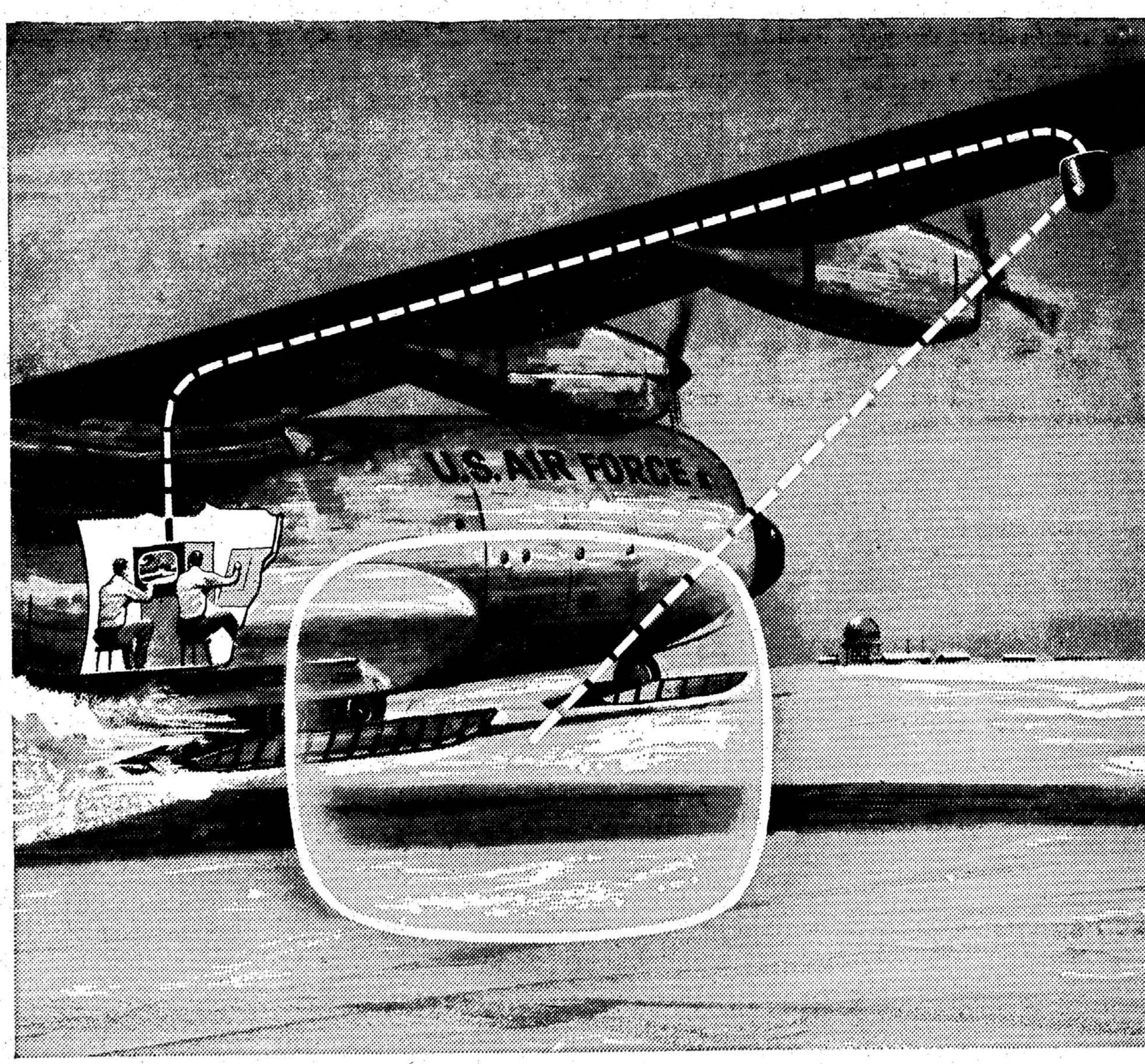

A Knowing Look

When Lockheed wanted to watch the in-flight behavior of the giant skis on their 62 ton C-130 Hercules propjet—they used an IT&T closed-circuit TV system to show engineers inside the plane exactly what was happening.

Closed-circuit television systems developed by International Telephone and Telegraph Corporation are proving to be valuable tools for industry, management, and the military.

When there's a need to see, you can use the eyes of the TV camera to overcome distance, dust, or hazardous locations—even to peer inside a boiler! It takes you anywhere—and sees everything.

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For information about Closed-Circuit Television Systems write Industrial Products Division of IT&T, 100 Kingsland Road, Clifton, N. J.

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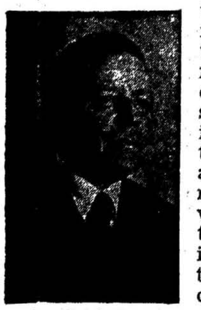
The Coming Industrial Clash in Great Britain

By PAUL EINZIG

Writing from England on the possibility of a trade union-government industrial clash, Dr. Einzig hopes that industry and government will firmly resist excessive labor claims in the offing. Were it not for labor membership's apathy, the writer reports the insignificant fraction of Communists would not determine policy and, as a result, Walter Reuther's recent counsel on moderation and reasonableness would be followed. Claims sterling is perfectly safe for the near future.

LONDON, Eng.—Judging by the firm tone of sterling since the closing days of September, many speculators must have reluctantly realized that they have made a mistake. Many more are still carrying their short positions in sterling in the hope that, after all, it might be devalued. But the more sensible among them have come to the conclusion that the British Government is determined to maintain the present parities unchanged, and that it is in a position to defend sterling against any conceivable attacks, at any rate for the next year or so. The balance of payments position remains reasonably good, and the seasonal import surplus during the last quarter can be covered out of the $500 million credit from the Export-Import Bank. Sterling is therefore perfectly safe in the near future. And it is too costly to carry short positions for 12 months or more, in the expectation that sterling may not be able to resist during the autumn of 1958.



Dr. Paul Einzig

Nevertheless, many speculators are unwilling to take their losses. They hope that a further spectacular advance of wages in Britain would undermine the stability of sterling. Everybody is awaiting with much interest the outcome of the wages disputes in progress, in particular of the claim of railway employees for a 10% increase. If the practice of recent years, to concede about half of the demands, should continue to be applied, it would seal the fate of sterling. Devaluation would then be regarded as a mere question of time.

Judging by recent public utterances of trade union leaders and of Socialist politicians, industrial labor is in a fighting mood. Evedently the increase of the Bank rate to 7% and the other measures has completely failed in its object of inducing the trade unions to abstain from pressing their claims or even to moderate their claims. It now remains to be seen whether it will attain its second object, that of inducing employers to resist these claims. This depends largely on the example set by publicly owned industries. The attitude of the British Transport Commission towards the claims of railway employees will constitute the supreme test. Four years ago, when the Transport Commission was prepared to face a strike just before Christmas 1953, it was ordered by the Government to concede the claims. This time the Government is hoped to adopt a firmer attitude, driven to it by the threat to sterling.

Monetary versus Employment Stability

In any case, the Government's monetary measures, and even more its announcement that it is no longer bound by the policy of maintaining full employment at all costs, have already changed the balance of power between employers and employees. So long as it was the official policy to prevent unemployment, the trade unions held all the trumps. They could afford to disregard the disinflationary measures, knowing very well that if those measures should result in unemployment the Government would feel obliged to call a halt in the credit squeeze.

But now it is the Government's declared policy to defend the stability of sterling even at the cost of unemployment. This means that the trade unions can no longer dictate their terms. They run the risk of a weakening of their bargaining power as a result of an increase of the number of unemployed workers. To avoid this, they would be well advised in their own interest to be willing to make concessions and to strike a reasonable compromise with the Government and with employers who, after all, are far from keen on producing unemployment.

Unfortunately the trade unions seem to have lost their heads completely. They are so used to being able to dictate that it is difficult for them to realize that, once the policy of full employment at all costs has been abandoned, they will cease to be the lords of the universe. It is true, a large proportion of the rank and file of trade unionists is inclined to be reasonable. This sentiment manifested itself in the enthusiastic ovation given at the recent Trade Unions Congress to Mr. Walter Reuther who, when addressing them advised moderation and reasonableness. But the leadership of the trade unions has come under extremist influence, owing to the indifference of the large majority of their members. Quite recently the Amalgamated Engineering Union elected a senior official, and only 6% of the members troubled to vote. As a result, the Communist-supported candidate was elected. The winning candidate received the active support of less than 4% of the total members who are entitled to vote.

Labor Membership Apathy

There is reason to believe that this aspect of the situation—the fact that trade union policy is determined by an insignificant fraction of the trade unionists, and that as a result it is under Communist influence — will receive much publicity. It is the Government's intention to choose a right moment to challenge trade union dictatorship at a general election. At present the electorate is strongly against the Government, largely owing to the way in which wage inflation has been allowed to proceed. But if an obviously unjustified major strike should inflict considerable hardship on the public, the Government may decide that the time may have come for a showdown. It would go to the country, with the slogan that the country has to decide whether to be ruled by a Government chosen by the electorate or by trade union leaders chosen by Moscow.

Meanwhile the chances are that we shall witness some major strikes before very long. The trade unions are not likely to give up their power without a struggle. And Government and employers have come to realize the need for holding firm. The failure of a major strike would produce a sobering effect on the unions and would prepare the way for a more reasonable attitude.

Field, Richards & Co. Appoints V.-Ps.

CINCINNATI, Ohio — Field, Richards & Co., Union Central Building, one of Cleveland's oldest investment houses, has appointed Clifford H. Grischy and Willard E. Carmel Vice-Presidents. Mr. Grischy is Manager of the trading department in the Cincinnati office. Mr. Carmel is Manager of the municipal department of the Cleveland office in the Union Commerce Building.

Clifford H. Grischy

Courts & Co. Will Admit S. B. Farmer

CHATTANOOGA, Tenn. — Stewart B. Farmer, Jr., local manager for Courts & Co., 111 West Eighth Street, will be admitted to partnership in the firm Oct. 17.

Case & Rozelle Join McCormick & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Gaylord J. Case and Logan A. Rozelle have become associated with McCormick & Co., 231 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Case was formerly proprietor of G. J. Case & Co. Mr. Rozelle was associated with him.

Bradley Brothers Open

(Special to THE FINANCIAL CHRONICLE)

PALO ALTO, Calif.—James W. Bradley and Neville J. Bradley have formed Bradley Brothers with offices at 229 Hawthorne Avenue to engage in a securities business. Both were formerly with B. C. Morton & Co.

With Evans MacCormack

(Special to THE FINANCIAL CHRONICLE)

BAKERSFIELD, Calif. — Doyle B. Haney has become associated with Evans MacCormack & Co., 1675 Chester Avenue. He was formerly with Walston & Co.

McGinty & Edman Add

(Special to THE FINANCIAL CHRONICLE)

FAIRFIELD, Calif.—Patrick H. Healey has been added to the staff of McGinty & Edman, Government Employees Building.

With C. A. Botzum

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert P. Bachino has become affiliated with C. A. Botzum Co., 210 West Seventh Street.

Joins Blyth & Co., Inc.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Walter H. Eucker, Jr., has become associated with Blyth & Co., Inc., 135 South La Salle Street. He was formerly with Central Republic Company.

E. L. Macwithey

Edward Louis Macwithey passed away Oct. 6 at the age of 82. Prior to his retirement many years ago he was with J. K. Rice & Co.

Business Predictions for 1979

E. F. Hutton's newest branch office is equipped with a time capsule containing predictions by prominent industry heads on the business outlook for their firms and the industry 22 years hence.

The following excerpts are from some of the many statements by the country's business and financial leaders on the business potential of their company and industry in 1979 The forecasts were written for inclosure in a time capsule that was incased beneath the board room floor of E. F. Hutton & Company's new branch office at 650 Madison Avenue on opening day, Sept. 30, 1957. The time capsule will be unearthed 22 years hence, on 75th anniversary of nationwide securities investment firm.

L. L. COLBERT
President, Chrysler Corporation

"The 1979 counterpart of today's family car may not even travel on roads as we now know them. It is within the realm of possibility that the automobiles of tomorrow may require manual guidance only to place them in the proper lane of a super highway network where electronic controls could take over. By then, the one-car family could be in the minority and a large proportion of families may be using three or more cars."

L. L. Colbert

* * *

EDWARD T. McCORMICK
President, American Stock Exch.

"Anticipating such gigantic developments as widespread use of solar energy, travel in outer space, and availability of atomic power to the world, makes it obvious that the securities of certain businesses will have spectacular rises. But as is always the case, securities investment must be selective. Many well-known companies will fall by the wayside while others, some not yet born, will be market leaders. Overall, we should be experiencing a period of prosperity in 1979."

E. T. McCormick

* * *

JAMES M. SKINNER, JR.
President, Philco Corporation

"In the business world of 1979 small transistorized computers will be taking over many tasks. The home television set will be hung on the wall like a mirror. In the office, the executive will 'dictate' letters to the typewriter and it will respond to his voice and automatically type the letter.

"Among the items that could be taken for granted in 1979 we could include electric refrigerators and air-conditioners, electronic cooking, transistorized fuel injection systems for automobiles, and electronic safety controls for automobiles. Another electronic development may well be a miniature computer or 'health meter' which will be worn by the user. It would eliminate the need to visit the doctor's office because the information could be relayed by telephone to the doctor.

J. M. Skinner, Jr.

"If the weather bureau predicts rain, the pedestrian will have an electronic umbrella to protect him. It will be invisible, but will keep him dry. The period could well go down in history as an outstanding example of creative electronics as it makes a major contribution to the continuing prosperity and world leadership of our country."

* * *

C. R. SMITH
President, American Airlines

"The general technique necessary to build a plane which will go 1,000 miles an hour is known. The limitation is principally an economic one, for high speed is expensive. That problem will be overcome and within 20 years the man who leaves Los Angeles at 9:00 in the morning should arrive in New York about 8:30 a.m."

C. R. Smith

* * *

WILLIAM E. ROBINSON
President, Coca Cola Company

"We can confidently and conservatively anticipate that in 1979 at least 100% more soft drinks will be enjoyed than in 1957. In forecasting the future we can have a look at the past. We are now consuming 192% more soft drinks than we did 20 years ago. The trend continues upward and there is no foreseeable limit to our progress."

* * *

WALTER P. MARSHALL
President, Western Union

"The next two decades should be a period of unparalleled opportunity for our nation's continued economic growth and expansion. We are just entering a new era of electronics and nucleonics, rich with the promise of new discoveries which will have a revolutionary impact on communications methods and our way of living. Particularly rapid advances have been made by Western Union in the past few years in the leasing of closed circuit communication systems to industry and government, and in the facsimile, data processing and microwave beam fields. As a result, more than one quarter of our revenues now comes from other than telegraphic message service and it is not unrealistic, in looking ahead to 1979, to forecast that non-message services will grow sufficiently to produce as much as half of our revenues."

Walter P. Marshall

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RUDDICK C. LAWRENCE
Vice-President, N. Y. S. E.


Ruddick C. Lawrence

"Early in 1956, the New York Stock Exchange's census of shareownership estimated the number of individual shareowners of public corporations in the United States at 8,630,000. This represented an average annual increase since 1952 of about a half million shareowners. A projection of this rate of growth would indicate a shareowner population by 1976 ranging between 15 and 20 million."

* * *

GEORGE ROMNEY
President, American Motors


George Romney

"By 1979 America's automobile industry will have returned to safe and sensible motor car design. The attractive, functional, economical, compact car will have largely forced into the nation's junkyards the flashy, bulky, chromium-splashed, body-on-heavy-frame vehicles of the late 1950's. America's highways will be safer because motor vehicles will be built on a single unit principle."

* * *

C. R. COX
President, Kennecott Copper Corp.


Charles R. Cox

"The requirements for copper, despite substitution of other materials will continue to grow. The business of Kennecott Copper Corporation in 1979 will be more diversified than it is today. In addition to the older metals now being produced, such as copper, molybdenum, silver, and gold, Kennecott will be producing or processing the newer metals such as titanium, columbium, zirconium, uranium, and others which will have greatly increased importance in the industrial scene."

* * *

BARNEY BALABAN
President, Paramount Pictures Corporation


Barney Balaban

"Recent technological discoveries, fostered by our industry and television, will result in quality shows being seen simultaneously not only in thousands of theatres everywhere but also in every home in the world at nominal expense on a pay-as-you-see basis. I hesitate to estimate how many millions of people 20 years from now will be seeing the same show at the same time and the amount of revenue that will be reaped thereby by the makers and dispensers of entertainment, but it seems certain that the figures in both instances will be astronomical."

With E. T. Andrews

(Special to THE FINANCIAL CHRONICLE)

WEST HARTFORD, Conn.—Ernest T. Andrews, III, is now affiliated with E. T. Andrews & Co., 1000 Farmington Avenue. He has recently been with Hayden, Stone & Co. in Boston.

Form Shaw, Bayliss

(Special to THE FINANCIAL CHRONICLE)

SAN MARINO, Calif.—Shaw, Bayliss & Co. has been formed with offices at 2304 Huntington Drive to engage in a securities business. Officers are Allen E. Shaw, President; Jack Bayliss, Vice-President; and Paul A. Schumann, Secretary. Mr. Shaw was formerly proprietor of Shaw & Co., with which Mr. Bayliss was associated.

With Leo Schoenbrun

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Morris Finerman has become affiliated with Leo Schoenbrun, 1385 Westwood Boulevard.

Joins R. D. Standish

(Special to THE FINANCIAL CHRONICLE)

BOULDER, Colo. — Ervin E. Weiffenbach is now connected with R. D. Standish Investments 1227 Walnut Street.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Eugene E. Nilson, Jr. has been added to the staff of Dempsey-Tegeler & Co., Midland Savings Bank Building.

Joins Garrett-Bromfield

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Eugene S. Hufford has joined the staff of Garrett-Bromfield & Co., 650 Seventeenth Street, members of the Midwest Stock Exchange.

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LETTER TO THE EDITOR:

Spahr Places General Welfare Ahead of Higher Gold Price

Answering fallacies said to be contained in Dr. Pick's article (*Chronicle*, Sept. 26) forecasting higher price for gold, Dr. Spahr states it is no more valid to consider all potential claims against insurance companies as though they would—contrary to experience—be exercised at one time than it is to contend that all foreign-short-term claims and Federal debt ought to be set up as claimants to our gold supply. Only through money and bank deposits could claims for gold be made, Dr. Spahr points out, and predictions as to such behavior can best be determined by actual table of experience. The "Letter" concludes that on that basis, including the post-1929 crash, our gold supply is more than adequate for redeemable gold standard now.

Editor, Commercial and Financial Chronicle:

In your issue of Sept. 27, Mr. Franz Pick had an article in which he contended, among other things, that our gold supply was too small to permit institution of a redeemable currency and that our dollar should be devalued again. The fallacies in his contentions should be revealed since his opinions seem to receive considerable publicity. Said he, page 41: "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 [as coinage of gold?] 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 'upvalued' yellow metal, this still will not be enough.

Walter E. Spahr

"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."

* * *

". . . 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."

The proper method of determining whether a nation's gold stock is adequate to permit redemption is to compute the ratio of the gold stock to non-gold money and bank deposits and then compare that ratio with adequate ratios of the past. As of June 26-30, 1957, the ratio was 9.3%. For the years 1915-1932 the average of the yearly ratios was 8.6%. The range of the yearly ratios, 1915-1932 was from 6.7 to 10.9%.

Recommends Insurance Company's Procedure

Mr. Pick added in Federal debt as a claim against our gold stock. If one is to pursue that indefensible procedure, he should add in all state, local, and private debt, all stocks, every form of wealth that could be sold. All wealth that can be sold can be made a claim against a nation's gold stock. But when non-gold wealth is sold someone buys it. This involves a shift of bank deposits or other currency to the seller. Such buying and selling is going on daily; but it is reflected in the ownership of money and bank deposits. And it is through non-gold money and bank deposits that the claims against gold are exercised. Therefore Mr. Pick was confused and in error when he failed to respect the ratios given above.

Mr. Pick also departed from correct analysis when he stated "We really own, without mortgage, about $10 to $13 billion of gold." Here he was referring to short-term claims of foreign central banks and governments and international banking institutions against our gold stock. His error in analysis lay in treating potential claims as though they would actually be exercised. This procedure is as invalid as would be a procedure that offsets the potential claims against insurance companies against their relatively small cash reserves or the potential claims of depositors in banks against the reserves or cash held by banks. In dealing with such potential claims correct analysis requires that one determine actual behavior in so far as evidence is available.

1929 Crash Experience

For example, during the decade preceding 1933 the common top percentage of our gold stock drawn into circulation (that is, out of the Treasury and Federal Reserve banks) was approximately 3%. The range of percentages during the decade January, 1923, to and including December, 1932, was from 1.44 in April and May, 1931, to 4.37 in July, 1932. If 3% of our gold stock (of $22,623,000,000 as of June 26-30, 1957) were drawn into circulation it would amount to approximately $679,000,000. That would amount to approximately .027% of the non-gold money and bank deposits ($243,208,000,000 as of June 26-30) which, if the currency were redeemable, would have constituted potential claims against this gold stock. But the ratio of our gold stock to those claims was 9.3%.

The same general picture applies to the conversion of foreign potential claims against our gold into actual exercise of claims. And it is with the history of the actual exercise of claims that Mr. Pick should have concerned himself. Had he taken the period, January, 1922, to January, 1954, he should have found that although there were potential foreign claims against our gold stock every year, there were 21 of the 32 years involved in which the percentages of our net gold withdrawals for export or earmarking were zero. During the other 11 years the percentages withdrawn for export and earmarking ranged from 0.6 to 7.6%, the average being approximately 4.5%. If the average were calculated for the 32 years it would be approximately 1.5%; and this per cent is too high because it counts zeros which represent non-withdrawals (net), and do not measure net importations of gold.

Foreign Gold Claims

Consideration of gold withdrawals (net exports involving adjustments for gold held under earmark) as percentages of foreign short-term dollar balances has greatly limited value apart from the amounts of the balances involved and the effect on our gold stock for the reason that a low percentage of withdrawal may be against a relatively high volume of foreign claims while a high percentage may be against a relatively small foreign claim. For example, during the 32 years 1922-1953, there were 21 years in which there were no withdrawals. For the other 11 years, the percentages of net exports, adjusted for gold held under earmark, ranged from 3.4 to 59.0. But the latter (in 1933) was against the smallest of all foreign claims for the years 1922-1953 ($392,000,000); it amounted to 5.8% of our gold stock. For the other 11 years, gold exports, adjusted for gold under earmark, averaged 15.7% of foreign short-term dollar balances. For the 32 years, the average was 5.7%. The 15.7% involved 4.5% of our gold stock; the 5.7% involved 1.5% of our gold stock.

There is no valid argument for another devaluation of our dollar. And the facts are that our gold stock, in the light of our experience for the period 1915-1932, is more than adequate to support a redeemable currency at the statutory rate of $35 per fine ounce. Nevertheless, there are a considerable number of people in this country and abroad who would, if they could, sell the people of this nation down the river of another devaluation of our currency. All of them fail to understand or to respect evidence and correct principle, or they willfully distort both, in an effort to obtain the results they seek—some of which, as in the case of some gold mine interests, is a temporary profit for themselves at the expense of our monetary standard and the general welfare.

WALTER E. SPAHR

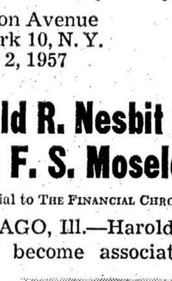
Executive Vice-President
Economists' National Committee on Monetary Policy

1 Madison Avenue
New York 10, N. Y.
October 2, 1957

Harold R. Nesbit Now With F. S. Moseley

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Harold R. Nesbit has become associated with



H. R. Nesbit

F. S. Moseley & Co., 135 South La Salle Street. Mr. Nesbit for many years was Assistant Sales Manager for Central Republic Company.

With Witherspoon Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Charles W. Wiles has become associated with Witherspoon & Company, Inc., 215 West Seventh Street.

Now With H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Eugene J. Marty is now with H. L. Jamieson & Co., Inc., Russ Building.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

That 1957 will turn out to have been an extremely bad underwriting year is borne out by the material that continues to come along. Unless there is an improving trend between now and the year-end it is probably going to be worse in this regard than 1956, which registered very unsatisfactory underwriting results, to say the least.

First we have had, with only modest interruptions, a continuation of the upward trend in fire losses. Apologists rationalize that the sizeable increase in fire losses is due to inflating prices that confront the insurance companies on replacement of destroyed property. But, while they must face inflating costs, it is also true that there are more fires.

National Board of Fire Underwriters reported fire losses through August at nearly 7% above the like period of 1956, and that year saw a big increase. Of course, fire losses are but one facet of the insurance companies' headaches, for automobile lines contribute heavily to the companies' troubles. Here, too, both inflation of prices and the number of automobile accidents contribute to the loss ratios that are being piled up in motor vehicle lines, for there are more cars on the roads and repair bills are much heavier.

The scope of the extent of the poorer underwriting showing is brought out by some data issued by a leading insurance analytic service, Alfred M. Best Company. They have used a group of 128 fire-casualty units which, among them, write over one-half of the business covered by the country's stock companies. This data shows that, comparing first six months, these companies wrote about 6.9% more business in 1957 than in 1956. The loss ratio was higher in 1957 than in 1956 by 3.8 percentage points, or 6.1%, while the expense ratio was but little changed: up 2/10ths of 1 percentage point. The combined ratio put the group, as a group, in the red, at 102.6%, compared with 98.6% in the 1956 first half—a comparatively poor showing for either period. The underwriting loss in the half was above $127,000,000, a formidable setback for this group of companies.

Three items stand out on the credit side. First, investment income increased somewhat over $5,000,000, as, naturally, it would with both loss reserve and unearned premium reserve higher. Federal income taxes were only about one-tenth of the figure for the 1956 first half, a reflection of the poor underwriting showing. As insurance companies, along with other domestic corporations, are taxed on only 15% of their dividend receipts, the primarily equity holding companies naturally did better in this respect than the bond holding units.

The third favorable item was an increase of about $5,200,000 (roughly 12½%) in the dividend payout. This probably should be underscored, as the tendency of insurance managements is to "nurse" income from investments at a time when they are having to disburse heavily to pay out on property losses.

Pessimism continues to be the note among many insurance executives, for the first half underwriting showing was the industry's worst since 1932. That was the low of the depression years, and the so-called moral hazard was a far greater factor than it is today. At that time arson accounted for a greater proportion of the burnings than it does today when, relatively, industry and commerce are prosperous and there is no point in resorting to arson to "bail out" of inventories.

Investment gains and losses, aside from income from investments, reversed the field-day showing that has characterized its performance since the bull market in securities got under way. This, of course, is a reflection of the lower prices of stocks and bonds, primarily, during the first half of this year. This total for the 1956 first half was plus $176 million; for this year $37 millions. The year-end figure is likely to make a poor showing, as the markets have shown continued poor action since July 1. This item, of course, affects surplus account. Incidentally a number of companies at the mid-year date utilized what in essence are convention values on their security holdings.

This space continues to feel that the fire-casualty list is not likely to counter the trend, pricewise, in equities generally. However, we are getting closer to the time when rates will be more effective, and, probably, when equities will have bottomed.

Nineteen fifty-seven statement time may well be black enough so that the investor who buys only when things are dark will have an opportunity to add fire-casualty stocks. Purchases at this juncture surely will have turned out to be wiser than six months or a year ago, but it is to be questioned whether general buying ought to take place yet.

With Scott, Bancroft

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Richard V. Bibbero is now affiliated with Scott, Bancroft & Co., 235 Montgomery Street.

With First of Iowa

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb. — Hubert L. Harrison is now connected with First of Iowa Corporation, Equitable Building, De Moines.

With Taiyo Securities

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Jane K. Momoyo has been added to the staff of Taiyo Securities Company, 208 South San Pedro Street.

Quarterly Analysis

13 N. Y. CITY BANK STOCKS

Bulletin on Request

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Paid-Up Capital	£2,851,562
Reserve Fund	£3,104,687

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ABA Issues Report On Bank Legislation

Banking legislation enacted and pending in 85th Congress is briefed in study prepared by committee headed by ABA Vice-President Lee P. Miller, President of Citizens Fidelity Bank & Trust Company, Louisville.

Banking legislation entertained, enacted, and left over for consideration of the next Session of Congress is reported to all members of the American Bankers Association in another popular-type legislative report just being mailed to them. The 25-page report entitled "Banking Legislation in the First Session of the 85th Congress" was prepared by the ABA Committee on Federal Legislation and the Washington office.

Lee P. Miller

The booklet describes the chief provisions of 53 bills introduced in Congress this year. It gives the status of all, reporting which were enacted into law and what progress was made on others.

The position of the ABA expressed at hearings or in statements filed with committees of Congress also is reported.

Lee P. Miller of Louisville, Kentucky, who served as Chairman of the Committee on Federal Legislation until his election as ABA Vice-President last month, states in a Foreword:

"Of the measures described in this report, relatively few have completed the legislative process. The remainder retain their status as of the date of adjournment and will require additional action by the Congress when it reconvenes in January, 1958."

Mr. Miller, President of the Citizens Fidelity Bank and Trust Company of Louisville, calls attention to the fact that the pending "Financial Institutions Act of 1957" contains a number of provisions which normally might be the subject of separate bills and that major provisions of the "Financial Institutions Act" as passed by the Senate are summarized in a booklet issued by the ABA last April.

Additional copies of "Banking Legislation in the First Session of the 85th Congress" may be obtained by writing to the Washington Office of the American Bankers Association, 730 15th Street, N. W., Washington 5, D. C.

Craigmyle, Pinney Branch

SPRINGFIELD, Mass. — Craigmyle, Pinney & Co. has opened a branch office at 95 State Street. Associated with the new office are George M. Jasper, Mary C. Cheves, Henry N. Fatzinger, Holden C. Harlow, Jr. and Dale T. Harris. All were previously with Straus, Blosser & McDowell.

Joins T. R. Peirsol

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Richard A. Marott has been added to the staff of T. R. Peirsol & Co., 9645 Santa Monica Boulevard. He was previously with Richard A. Fay & Co.

Joins G. C. Lane Staff

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn. — Delore Nobert has joined the staff of George C. Lane & Co., Inc., 70 College Street.

Cheever to Address Boston Inv. Club

BOSTON, Mass.—"$275,000,000,000 We Ought to Know About," an analysis of the Government Bond Market and its effect on securities and securities prices, is the subject of a talk to be given by Charles E. Cheever before a luncheon meeting of the Sales and Education Committee of the Boston Investment Club on Wednesday, Oct. 16, at 12:15 p.m. at the Union Oyster House.

Mr. Cheever is an Assistant Vice-President of the First Boston Corporation. A graduate of Harvard in 1934 and the Rutgers Graduate School of Banking in 1951. He has been head of the Government Department of the First Boston Corporation for the past ten years.

Foremost Secs. Opens

WASHINGTON, D. C. — Foremost Securities Corp. is engaging in a securities business from offices at 1377 Pennsylvania Avenue, Southeast. Nathan Habib is a principal of the firm.

First Cleveland Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Emile A. Legros, Jr. has been added to the staff of First Cleveland Corporation, National City East Sixth Building, members of the Midwest Stock Exchange.

Form Allied Mutual Funds

SPOKANE, Wash.—Allied Mutual Funds, Inc. has been formed with offices in the Paulsen Building. George C. La Dow is a principal.

The firm maintains a branch office at 1115 Burrell, Lewiston, Idaho under the direction of Carl C. Moore, and at 214 Northwest 12th Street, Pendleton, Ore., under Donald E. Lloyd.

Mutual Funds & Inv. Opens

OKLAHOMA CITY, Okla. — Mutual Funds & Investment Services has been formed to engage in a securities business. J. Rex Huguley is a principal. The firm may be reached at P. O. Box 167.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Henry J. Altenau is now connected with Merrill Lynch, Pierce, Fenner & Beane, Dixie Terminal Building.

With Livingston, Williams

(Special to THE FINANCIAL CHRONICLE)

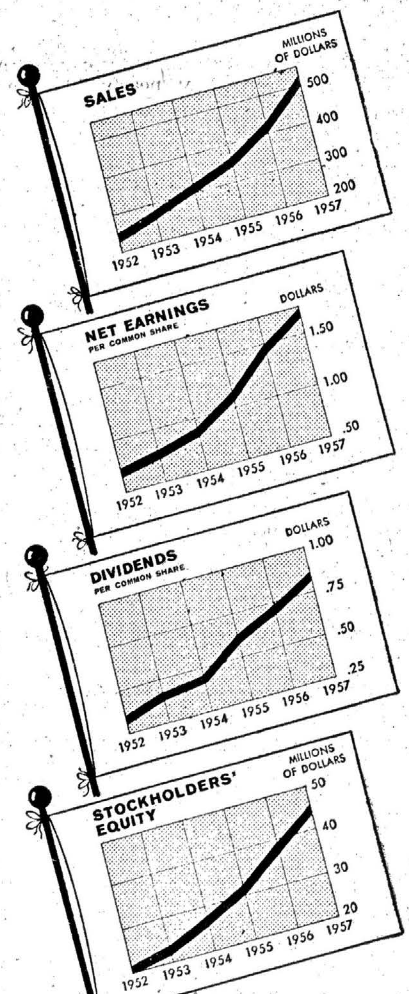
CLEVELAND, Ohio—Robert T. Shuber is now with Livingston, Williams & Co., Inc., Hanna Building.

Joins Samuel & Engler

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Roy R. Reese is now connected with Samuel & Engler Company, 16 East Broad Street.

WINN-DIXIE STORES NOW **4th IN EARNINGS 7th IN SALES** AMONG ALL RETAIL FOOD STORES



OVER A HALF BILLION IN SALES– THE FASTEST GROWING FOOD CHAIN IN THE SOUTH

WINN-DIXIE SALES passed the half-billion mark — up a big 21.89% over last year.

WINN-DIXIE EARNINGS after taxes for the fiscal year ended June 29, 1957, rose to $1.71 per Common Share—up 24¢ over last year.

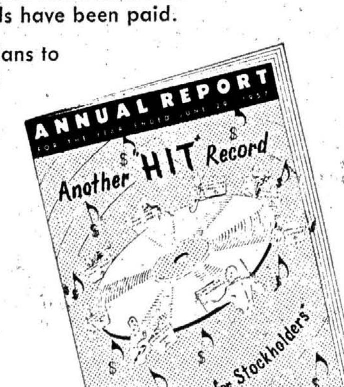
WINN-DIXIE DIVIDENDS OF $5,217,804 were paid monthly at the rate of 7¢ per share against 6¢ per share in the previous year. The rate per share per month for fiscal 1958 has been increased to 8¢—the 14th consecutive year in which the dividend rate has been increased and the 24th consecutive year that cash dividends have been paid.

WINN-DIXIE GROWTH continues with plans to open 45 new super-markets—23 of them before January 1st. Sales of between $560 and $570 million—with comparable earnings—are anticipated for the coming year.

COMPARATIVE RESULTS AT A GLANCE

	FISCAL YEAR 6/29/57	6/30/56
SALES	$513,549,316	$421,327,312
% Increase	21.89%	17.49%
EARNINGS BEFORE INCOME TAX	$ 21,681,983	$ 17,618,601*
Per Common Share	$3.48	$2.84*
NET EARNINGS AFTER TAXES	$ 10,625,983	$ 9,138,601*
Per Common Share	$1.71	$1.47*
DIVIDENDS PAID	$ 5,217,804	$ 4,404,948
Per Common Share (Present annual rate 96c)	$ .84	$ .72
STOCKHOLDERS' EQUITY Common	$ 44,321,259	$ 38,606,228
NET WORKING CAPITAL	$ 40,469,059	$ 38,788,751
Ratio Current Assets to Current Debt	$3.13	$3.53
UNITS IN OPERATION		
Retail Stores	462	412
Wholesale Units	10	10

*These figures do not include a special credit of $1,287,074, or 21c per Share, representing profit of a non-recurring nature arising from involuntary conversion of property destroyed by fire.



Copy of complete Annual Report available on request.

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Fabulous Over-the-Counter Market: Where Trading Starts and Never Ceases

Continued from first page

before listing was ever arranged. For, as a matter of record, almost every issue dealt in on any stock exchange first developed its trading market, and acquired hundreds of stockholders, in the Over-the-Counter Market. And even today in respect to issues of many leading corporations arrangement for purchase, sale and distribution of large blocks is customarily handled in that vast market.

Further, blindly to adhere to a policy of considering only listed securities would deny access to some of the highest quality and most renowned investments in the world. Examine for example, the magnificent investment portfolio of a great publicly owned life insurance company such as, for example, Aetna Life Insurance Co. Its security holdings are preponderantly bonds. But what kind, and where acquired? First, governments, millions of them; all bought in the Over-the-Counter Market. Then municipals—starting with the direct obligations of our largest cities and states and including bonds issued by political subdivisions for special purposes—schools, roads, drainage, public housing, etc.—all bought, sold or quoted in that same market, and nowhere else. The same situation applies to toll bonds; and to Canadian Government and Provincial obligations, bonds of absolutely top quality all acquired in the Over-the-Counter Market.

And, of course, the original syndicate underwriting and distribution of new issues of both corporation bonds and stocks is essentially an Over-the-Counter Market transaction. A life insurance company will acquire a great proportion of its corporate bond holdings from such original distribution and usually before trading on an exchange, (if applied for) occurs. Then what about its own capital stock? How do you become a shareholder in Aetna Life? Or in Travelers, Franklin, Connecticut General, Lincoln, Continental or Virginia Life?

Fabulous Life Company Stocks

The capital shares of all of these renowned life companies, some of the most elite financial institutions in America, are all traded Over-the-Counter. There is no such thing as a "listed" life insurance company stock. Yet this class of securities has turned in a more remarkable capital gain performance, in the past 10 years, than almost any other major industrial classification. And there's an exciting newcomer in the offing here — Occidental Life which is to be spun off from Transamerica Corp. When this distribution does occur, Occidental Life will be joining its illustrious brethren in the Over-the-Counter Market.

Quotations in Metropolitan Papers

Considerable documentation for our advocacy of the Over-the-Counter Market is found in the regular appearance and increasing number of issues included in the Over-the-Counter quotations, now a daily feature of major metropolitan newspapers. Hundreds of the more active issues are presented with the current "bid and asked" prices of each, for the benefit of those who like to follow share prices, day by day. Actually, it would be virtually impossible for any newspaper to cover regularly the entire "Counter" market since that would involve tabulation of some 30,000 issues, many of which are quite closely held and, hence, infrequently traded.

The Bank Stocks

Then what about bank stocks? Some of the most important and influential men in your own community are bank stockholders, and many banks operating in rapidly growing areas have made fortunes for their original subscribers in just a few years. How did they get their shares in the first place? In the Over-the-Counter Market, of course. There are about 13,000 commercial banks in the U. S. All have capital stock. But you are unable to buy either a single share or a block on any stock exchange. The entire and panoramic market for bank stocks is a 100% non-listed one.

Perhaps the most confusing area of the "World's Biggest Stock Market" is in the shares of new, promotional, or early stage corporate ventures. It is at this division that the major criticism of the Over-the-Counter Market trading has been leveled, largely because a few unscrupulous or greedy firms have on occasion either sponsored securities of dubious merit or future, or have operated on quite unconscionably wide "spreads" between the bid and the asked sides of the market. Of course, such dealings skirt the edges of fraud, and have no place among honorable men.

Today's "Greats" Once Early Speculations

There does have to be a place, in our enterprise economy, however, for financing the fledgling corporation, and for the legitimate purchase and sale of the securities among those interested. The obvious place is, of course, Over-the-Counter, and many of today's "greats" were once lowly early phase speculations. Louisiana Land sold at 50c and Amerada at $2. You ought to see them now!

A further word on this subject might be appropriate. Part of the grief sustained by those who entered the market in promotional securities has been caused by too much cupidity, just a little stupidity, and a quite lamentable failure to get the facts (instead of the "build up") about the sporting venture to which they directed their hard earned money. The purchase of penny stocks (whether listed or in the Over-the-Counter Market is, at best, hazardous, and those who go in for it should possess the right temperament to stand loss as well as to accept gain, and should base their decisions on correct information — not "tips," hunches or pressure selling.

Electronics, Oils, Steel Stocks

It would be impossible to list here all the diverse assortment of securities, many of them holding considerable promise of capital gain and expanding income, awaiting your inspection and consideration in the Over-the-Counter Market. But industry by industry, issues picked at random will give you some ideas about the quality, magnitude and attraction of equities here obtainable. For instance, in electronics there's Philips Lamp

Over-the-Counter Securities

We maintain trading markets in selected issues of

Bank and Insurance Stocks
Public Utility Securities
Industrial Securities
Railroad Securities
Canadian Bonds

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of Holland, Pyramid Electric, Electronic Associates, a leader in analogue controls, Electronic Specialty Co., a rapidly advancing West Coast enterprise, and Epsco, Inc., whose 60,000 share underwriting was an outstanding success recently. All these, Over-the-Counter.

Like oils? Then what about Aztec Oil & Gas, Canadian Delhi Oil, Pubco Petroleum, San Jacinto (with a very broad geographic call on oil), Texas National Petroleum and Union Oil & Gas "A." All these are found in the Over-the-Counter Market. There's been much excitement too in offshore drilling. Look at Falcon, Brewster and Bartles, or Zapata Off-Shore, which drill in the shrimp pastures successfully.

Do you favor steels? There are some interesting ones in the "Counter" market. Lone Star Steel, big Texas supplier of drill pipe to the oil trade, McLouth, expanding Michigan steel maker for the motor trade, Kaiser, Portsmouth and Jessop Steel to mention just a few.

Other Essential Industry Stocks, Too

You can become a shareholder in some of the finest drug companies in the world, but only in the same market. Eli Lilly "B" with 13,500 shareholders and a very bright future; G. D. Searle at times a spectacular performer; and elegant Upjohn which sells above $1,000 a share —all these await your inspection.

In the public utility field there are dozens of electric, gas and water and telephone companies with long dividend records for you to choose from; and in pipelines some very eminent equities like Transcontinental Gas Pipe Line and Tennessee Gas Transmission and, in Canada, the common and units of Trans Canada Pipe Lines Limited.

Then there are highly specialized industrial companies, Anheuser Busch and Pabst to slake your thirst; Marlin Rockwell, providing ball and roller bearings; Wurlitzer for the rock and roll artists; Dun & Bradstreet, if you want to check up financially on somebody or some company; Time, Inc., for keeping up on your reading (profitably); MacMillan Co.; and International Textbook, if you want to study; W. Disney for special entertainment; National Homes for prefab housing; Canadian Javelin, which has speared its way into hundreds of millions of dollars worth of assorted ores; and if you're a bug on helicopters, there's Doman, Kaman, Gyrodine and Vertol, all waiting to spin for you. U. S. Envelope can keep you current on correspondence; and Ampex is an exciting leader in magnetic tape recording. Fact is there is no industry, except perhaps railroads (and there are a number of Over-the-Counter guaranteed rails), which does not offer a broad and meritorious selection of equities in the Over-the-Counter Market.

Uninterrupted Cash Dividend Payers

Finally, as documentation of all we've been saying about the most vital market, take a look at the long and imposing list of durable dividend payers which we have assembled below. Imagine a stock paying dividends for 173 years without a miss. That's one way to beat the business cycle —own shares like that! We're proud of this tabulation of Over-the-Counter Market Attractions.

Difference Between Listed and Over-the-Counter Trading

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

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Abercrombie & Fitch Retail sporting goods	19	1.75	33	5.3
Abrasive & Metal Products Abrasives	18	0.30	4⅝	6.5
Acme Electric Corp. Transformers, radio, TV	11	0.20	8½	2.4
Acushnet Process Co. Molded rubber products and Golf balls	*20	†0.98	29½	3.3
Aetna Casualty & Surety Co. (Hartford) Casualty, surety, fire and marine insurance	49	2.70	139	1.9
Aetna Insurance (Hartford) Diversified insurance	84	2.60	66¼	3.9
Aetna Life Insurance Co. (Hartford) Life, group, accident, health	23	3.40	200	1.7
Agricultural Insurance Co. Diversified insurance	93	1.60	26¾	6.0
Aircraft Radio Corp. Communication and navigation equipment and accessories	23	0.90	21	4.3
Akron, Canton & Youngstown Railroad Co. Ohio carrier	11	1.25	23	5.4
Alabama Dry Dock & Ship Building Co. Shipbuilding and repair	23	2.00	85	2.4

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

Continued on page 24

BANK & INSURANCE STOCKS
OVER-THE-COUNTER SECURITIES

Specialists in

CHRISTIANA SECURITIES CO.

Common Preferred

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Trading Department, L. A. GIBBS, Manager

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NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Of the 1,062,765 shares of additional capital stock offered to shareholders of **Chemical Corn Exchange Bank, New York** 1,022,706 shares or 96.2% were subscribed for through the exercise of rights, Chairman Harold H. Helm announces.

The new shares were offered on a one-for-five basis at $45.50 a share to shareholders of record Sept. 18, with the rights expiring Oct. 7. Of the remaining 40,059 shares, 16,864 shares have been purchased by officers and employees of the bank from the underwriters and the balance of 23,195 shares have been taken up by the underwriting group headed by Kuhn, Loeb & Co.; The First Boston Corporation; Hemphill, Noyes & Co., and W. C. Langley & Co.

* * *

City Bank Farmers Trust Company, New York, announces the appointment of James W. Toren as Vice-President.

Mr. Toren is associated with the investment department of the pension trust division.

CITY BANK FARMERS TRUST CO. NEW YORK

	Sept. 30,'57 $	June 30,'57 $
Total resources	143,394,407	139,518,025
Deposits	102,654,992	98,788,867
Cash and due from banks	30,990,672	25,484,540
U. S. Govt. security holdings	76,713,559	76,954,477
Loans & discounts	2,425,685	4,643,021
Undivided profits	13,498,514	13,592,460

* * *

The Guaranty Trust Company of New York has promoted J. Bradley Green and Donald A. Stoddard to Vice-Presidents from Second Vice-Presidents.

The bank also appointed Frank P. Smeal, a former Assistant Treasurer, as Second Vice-President and Charles E. Blackford 3rd, Assistant Treasurer.

In other changes, Herbert A. Bush was appointed Assistant Manager of the bank's London office and Leonard R. S. Williams was named Assistant Secretary of the Brussels office.

GUARANTY TRUST CO. OF NEW YORK

	Sept. 30,'57 $	June 30,'57 $
Total resources	2,990,619,471	2,955,822,515
Deposits	2,446,072,510	2,457,059,893
Cash and due from banks	582,591,567	686,810,593
U. S. Govt. security holdgs.	582,893,097	509,304,841
Loans & discts.	1,592,262,215	1,590,673,426
Undiv. profits	94,862,546	92,680,991

* * *

William C. MacMillen Jr. Vice-Chairman of **Colonial Trust Co. of New York,** has been elected President, and Arthur S. Kleeman, formerly both Chairman and President, continues as Chairman.

* * *

An unusual bank plan in which customer service is the focal point of design was disclosed on Oct. 6 by the **Union Dime Savings Bank, New York,** as the century-old institution unveiled plans for its new main office at the northwest corner of Avenue of Americas and Fortieth Street.

Union Dime's former headquarters stood on the same corner from 1909 until last year, when it was demolished to make way for a 34-story air-conditioned office building being erected. The bank will occupy the first three floors and basement of the office building, which will be known as 111 West 40th Street. The structure is scheduled for completion early next year.

* * *

THE CHASE MANHATTAN BANK, NEW YORK

	Sept. 30,'57 $	June 30,'57 $
Total resources	7,620,914,548	7,524,331,448
Deposits	6,706,568,451	6,693,721,587
Cash and due from banks	1,812,800,152	1,802,236,680
U. S. Govt. security holdgs.	1,092,713,201	1,032,831,773
Loans & discts.	3,786,372,502	3,863,328,881
Undiv. profits	81,424,467	86,695,623

THE FIRST NATIONAL CITY BANK OF NEW YORK

	Sept. 30,'57 $	June 30,'57 $
Total resources	7,497,017,001	7,434,145,976
Deposits	6,443,987,827	6,614,182,518
Cash and due from banks	1,717,710,197	1,843,930,533
U. S. Govt. security holdgs.	1,121,826,347	1,028,143,263
Loans & discts.	3,884,506,823	3,879,892,120
Undiv. profits	78,531,851	76,009,251

* * *

MANUFACTURERS TRUST COMPANY NEW YORK

	Sept. 30,'57 $	June 30,'57 $
Total resources	3,097,064,393	2,971,616,474
Deposits	2,770,655,344	2,662,879,735
Cash and due from banks	812,118,258	755,488,292
U. S. Govt. security holdgs.	661,210,133	648,701,549
Loans & discts.	1,216,308,582	1,190,485,926
Undiv. profits	63,794,424	61,487,602

* * *

THE HANOVER BANK, NEW YORK

	Sept. 30,'57 $	June 30,'57 $
Total resources	1,815,610,696	1,840,607,347
Deposits	1,591,691,024	1,625,133,029
Cash and due from banks	487,499,763	526,514,733
U. S. Govt. security holdgs.	228,273,985	272,060,913
Loans & discts.	973,163,369	933,619,230
Undiv. profits	28,266,467	26,342,851

* * *

THE STERLING NATIONALL BANK & TRUST COMPANY, NEW YORK

	Sept. 30,'57 $	June 30,'57 $
Total resources	143,096,009	148,586,579
Deposits	128,404,070	132,450,763
Cash and due from banks	20,584,224	33,730,673
U. S. Govt. security holdings	36,568,594	35,606,470
Loans & discounts	81,496,339	75,635,381
Undivided profits	1,604,879	1,572,902

* * *

COMMERCIAL STATE BANK AND TRUST COMPANY OF NEW YORK

	Sept. 30,'57 $	June 30,'57 $
Total resources	110,841,654	109,412,407
Deposits	99,294,233	98,377,217
Cash and due from banks	17,899,107	17,401,511
U. S. Govt. security holdings	29,469,426	27,500,474
Loans & discounts	58,453,514	59,890,608

* * *

Gerald S. Couzens, Chairman of the Executive Committee of **The County Trust Company, White Plains, New York,** on Oct. 8 announced plans to retire from that position on Dec. 31. He will continue to serve as a director of the bank until his present term expires in December, 1958.

In 1929, Mr. Couzens became an organizer and the first Vice-President of the **Central National Bank of Yonkers, N. Y.** He was

Continued on page 57

Active Trading Markets in

American Hospital Supply Corp.
American-Marietta Company
Arizona Public Service Company
Colorado Interstate Gas Company
Colorado Oil and Gas Corporation
Delhi-Taylor Oil Corporation
Federal Glass Company
Food Fair Properties, Inc.
The Gas Service Company
C. G. Glasscock-Tidelands Oil Company
International Refineries, Inc.
LeCuno Oil Corporation
Mountain Fuel Supply Company
Nevada Natural Gas Pipe Line Company
Northwest Nitro-Chemicals, Ltd.
Northwest Production Corp.
Oklahoma-Mississippi River Products Line, Inc.
Pioneer Natural Gas Company
Republic Natural Gas Company
Southern Nevada Power Company
Southern Union Gas Company
Suburban Propane Gas Corporation
Suntide Refining Company
Tennessee Gas Transmission Company
Texas Eastern Transmission Corporation
Texas Gas Transmission Corporation
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Volunteer Natural Gas Company
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Continued from page 23

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Alamo National Bank (San Antonio)	21	†1.83	53¼	3.4
Alba Hosiery Mills, Inc. — Silk and nylon hosiery	17	0.45	6	7.5
Albany & Vermont RR. Co. — Local carrier	30	2.00	45	4.4
Alexander Hamilton Institute Inc. — Modern business course and service	10	1.00	12	8.3
Allentown Portland Cement Co., Class A — Portland cement	11	0.96	23½	4.1
Allied Finance Co. — Installment financing	*15	1.00	28	3.6
Allis (Louis) Co. — Generators and electric motors	*20	2.50	44¾	5.6
Aloe (A. S.) Co. — Medical supplies	22	†0.99	37	2.7
American Aggregates Corp. — Gravel and sand	16	†0.99	27	3.7
American Air Filter Co. — Filters and miscellaneous heating and ventilating equipment	23	1.70	63	2.7
American Barge Line Co. — Operates on Ohio and Mississippi Rivers	16	1.60	39¼	4.1
American Box Board Co. — Manufacturer paperboard, folding paper boxes, corrugated and fibre shipping containers	16	1.80	30¼	6.0
American District Telegraph Co. — Electrical supervisory and alarm systems	54	1.50	46	3.3
American Dredging Co. — Dredging operations	*14	3.25	70½	4.6
American Druggists Fire Insurance Co. — Fire insurance	*32	3.00	75	4.0
Amer. Equitable Assurance Co. of New York — Fire and allied lines of insurance	23	1.90	30¼	6.3
American Express Co. — Money orders; travelers' checks	75	1.725	34¼	5.0
American Felt Co. — Manufacturer of felt	18	1.00	14	7.1
American Fidelity & Casualty — Diversified insurance	19	1.20	23	5.2
American Fletcher National Bank & Trust Co., Indianapolis	45	1.40	36½	3.8
American Forging & Socket — Manufactures automotive hardware	14	0.495	8¼	6.0
American Furniture — Large furniture manufacturer	17	0.20	3¼	6.2
American General Insur. Co. — Fire and casualty insurance	28	0.60	37	1.6
American Hair & Felt — Miscellaneous hair & felt products	15	1.40	16	8.8
American Hoist & Derrick — Hoists, cranes, cargo equipment	17	1.20	23⅛	5.2
American Hospital Supply — Large variety of hospital supplies	10	1.35	39½	3.4
American Insulator Corp. — Custom moulders of plastic materials	16	†0.78	13⅝	5.7
American Insur. (Newark) — Diversified insurance	84	†1.36	26⅛	5.2
American Locker, Class B — Maintains lockers in public terminals	14	0.30	3¼	9.2
American Maize Products — Manufactures various corn products	32	2.00	45	4.4
American-Marietta Co. — Paints, chemicals, resins, metal powders, household products, cement and building materials	17	1.20	56½	2.1
American Motorists Insurance Company — Diversified insurance	*27	0.18	11¼	1.6
American National Bank of Denver	22	12.00	160	7.5
Amer. Natl. Bank & Trust Co. (Chattanooga)	40	2.00	80	2.5
Amer. Natl. Bk. Tr. (Chic.)	22	†5.73	335	1.7
Amer. Piano Corp., Class B — Manufacturing of pianos, and own retail outlets	17	1.00	13	7.7
American Pipe & Construc'n — Boilers, tanks, pipelines	18	†0.98	26¾	3.7
American Pulley — Power transmission and other equipment	17	1.80	25	7.2
American Re-Insurance — Diversified insurance	35	1.30	28¾	4.5
American Screw Co. — Manufactuer of cold forged threaded fasteners	58	3.40	48½	7.0
American Spring of Holly, Inc. — Springs and wire forms	10	‡0.59	7¼	8.1
American Stamping Co. — Pressed steel parts and stamping	20	1.15	13½	8.5
American Steamship Co. — Freighters on Great Lakes	26	10.00	435	2.3
American Surety Co. — Diversified insurance	23	0.90	19¼	4.7
American Thermos Products Co. — Vacuum ware manufacturer	23	1.60	24¼	6.6

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

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Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Amer. Trust (Charlotte, N.C.)	55	2.50	88	2.8
American Trust Co. (San Francisco)	21	1.60	34¾	4.6
American Vitrified Products — Sewer pipe, bricks, tile	10	†1.18	26	4.5
Amicable Life Insurance Co. — Life insurance	21	1.25	61	2.0
Ampco Metal, Inc. — Copper-base (bronze) alloys and products	15	0.55	8⅝	6.4
Amphenol Electronics Corp. — Precision parts for aircraft and electronics industries	12	1.10	28	3.9
Anchor Casualty Co. (St. Paul) — Fire and Casualty Insurance	24	1.00	25	4.0
Anheuser Busch Inc. — Beer and other products	24	1.20	19⅛	6.3
Animal Trap Co. of America — Large variety of traps	20	0.90	14½	6.2
Ansul Chemical Co. — Chemical and mechanical mfg.	32	†1.17	27¾	4.2
Apco Mossberg Co. — Tools and wrenches	14	0.30	4½	6.7
Apex Smelting Co. — Aluminum smelting	25	†1.95	36	5.4
Arden Farms — West Coast dairy	13	1.00	14½	6.9
Arizona Public Service — Electric and gas utility	37	1.09	24⅞	4.4
Arkansas-Missouri Power Co. — Electric and gas utility	*20	†0.83	16¾	5.0
Arkansas Western Gas — Natural gas public utility, production and transmission	18	0.725	19½	3.7
Arrow-Hart & Hegeman Electric Co. — Electric wiring devices and controls	28	†2.60	46¾	5.6
Arrow Liqueurs Corp. — Cordials and liqueurs	*12	0.30	6¾	4.4
Art Metal Construction Co. — Office furniture	21	2.00	33½	6.0
Associated Spring Corp. — Precision springs	23	2.40	36	6.7
Atlanta Gas Light — Operating public utility	*20	1.55	29	5.3
Atlanta & West Point RR. Co. — Georgia carrier	17	3.00	72	4.2

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Atlantic City Sewerage Co. — Sewer service	33	1.00	18½	5.4
Atlantic Company — Ice, coal, cold storage and E-Z Curb Service Stores	12	0.50	7¼	6.9
Atlantic National Bank of Jacksonville	54	1.20	49	2.4
Atlantic Steel — Steel producing and distributing	36	1.13	18¾	6.0
Auto Finance Co. — Investments, automobile financing and insurance	21	1.00	29¼	3.4
Automobile Banking Corp. — Auto financing & personal loans	36	0.60	8⅝	7.0
Avondale Mills — Cotton fabrics and yarns	53	1.20	16	7.5
Avon Products — Cosmetics and toiletries	38	†1.13	42¼	2.7
Ayres (L. S.) & Co. — Operates Indianapolis dept. store	22	†1.19	22⅜	5.3
B/G Foods, Inc. — Restaurant chain	13	0.90	12¼	7.3
B. M. I. Corp. — Detroit real estate	21	1.10	18¼	6.0
Badger Paint & Hardware Stores, Inc. — Paints, enamels and hardware	26	1.50	45	3.3
Badger Paper Mills — Sulphite pulp and paper	23	4.00	82	4.9
Bagley Building Corp. — Detroit real estate	20	0.40	11½	3.5
BancOhio Corp. — Holding company—banks	28	1.54	45	3.42
Bangor Hydro-Electric — Operating public utility	32	1.875	31½	6.0
Bank of Amer. NT&SA — Nation's largest bank	25	1.80	35⅛	5.1
Bank Building & Equipment Corp. of America — Building design and construction	18	†0.89	20½	4.3
Bank of California, N. A.	78	†1.225	31	4.0
Bank of the Commonwealth (Detroit, Mich.)	20	†4.75	158	3.0
Bank (The) of New York	172	13.00	296	4.4
Bank of the Southwest National Association, Houston	49	†1.76	53½	3.3
Bank of Virginia (The)	33	1.00	20⅛	5.0
Bankers Bond & Mortgage Guaranty Co. of America — Mortgage financing	11	0.30	8¾	3.4
Bankers Commercial Corp. — Installment financing	19	2.50	31	8.1

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Bankers & Shippers Insur. — Multiple line insurance	32	2.30	54	4.3
Bankers Trust Co., N. Y.	53	2.80	60⅝	4.6
Bareco Investment Co. — Formerly Bareco Oil Co. Name changed May, 1957. Microcrystalline wax	15	0.50	6⅞	7.3
Barnett National Bank (Jacksonville)	48	1.60	69½	2.3
Bassett Furniture Industries Inc. — Complete line of domestic furniture	*21	1.50	19¼	7.8
Bates Manufacturing Co. — Cotton and rayon fabrics	11	0.325	6	5.4
Bausch Machine Tool Co. — Drills and boring mills	15	1.25	20	6.3
Baxter Laboratories, Inc. — Manufacturers of pharmaceuticals	24	0.65	19	3.4
Baystate Corp. — Bank holding corporation	29	1.10	21⅜	5.1

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 51.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Beacon Associates, Inc. — Holding company—small loans	12	1.55	16	9.7
Beauty Counselors, Inc. — Wholesaler: Cosmetic and toilet preparations	22	1.30	29	4.5
Belknap Hardware & Mfg. — Hardware & furniture wholesaler	29	0.85	12⅜	6.9
Bell & Gossett Co. — Pumps, tanks and valves	10	0.50	11⅝	4.3
Belmont Iron Works — Designer, fabricator and erector, structural steel	21	2.50	43	5.8
Belt RR. & Stock Yards Co. — Operates livestock terminal mkt.	67	2.00	36	5.6
Bemis Bro. Bag Co. — Manufacturer of paper, textile and plastic bags	36	†2.00	34¼	5.8
Beneficial Corp. — Holding company affiliate of Beneficial Finance Company	29	0.50	10	5.0

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

Continued on page 26

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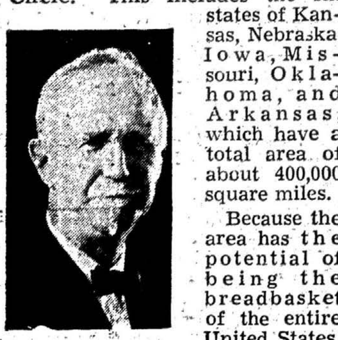
New 'Toll' Rivers for United States

By ROGER W. BABSON

New "toll" rivers to be initiated after completion of proposed Federal highway program is recommended by Mr. Babson in depicting what can be done to increase the breadbasket potential of our semi-arid Central West.

Some day our great Central West will blossom like a rose. That is why it is called the "Magic Circle." This includes the six states of Kansas, Nebraska, Iowa, Missouri, Oklahoma, and Arkansas, which have a total area of about 400,000 square miles.



Roger W. Babson

Because the area has the potential of being the breadbasket of the entire United States. It has good soil, much sunshine, and, in some years, plenty of rain. Unfortunately, however, it has very dry periods for some years, and then a deluge which takes away good topsoil and does other harm.

This lack of regulated water holds back agriculture, handicaps industry, and makes retail trade very fluctuating. There is much talk of some form of Federal insurance to offset the very dry periods, but such insurance is wholly unnecessary. Moreover, "rainmaking" by chemicals is only "robbing Peter to pay Paul."

Where the Water Will Come From

The western part of Canada is blessed with heavy rainfall. This rainfall collects in four lakes: Great Bear Lake, Great Slave Lake, Lake Athabaska, and Lake Winnipeg. These are part of a tremendous system carrying this fresh water into the Arctic Ocean. Here the water is not only wasted, but dangerous fogs are created which affect ocean navigation and the climate of various regions.

Some day an artificial river will be constructed from these lakes, across the Canadian line southerly to the very Center of the United States. This "Center" will be near Greenwood County, of which Eureka, Kans., is the hub. From Eureka, canals will radiate in different directions to provide water for all sections of the Magic Circle.

My Personal Investments

I am interested in the woodlands of New Hampshire; in lakefront land in Florida; and, of course, in land in Wellesley, Mass.; but the only pasture land which interests me is in this Magic Circle. I have bought such land because I believe that some day an artificial river will be constructed to utilize this run-off water by sending it southerly to the Magic Circle instead of letting it be wasted in the Artic Circle. These 400,000 square miles will be glad to pay Canada for this water, which is now of no use to Canada.

Plans should immediately be made and negotiations started. We should not wait until we are in dire need of the food from the nation's breadbasket. Those who own land which will some day be irrigated by these Canadian waters should retain their land and perhaps buy more. A Federal Authority will someday be organized to build the new river, the bonds of which should easily be paid off by "tolls" on the increased crops. Today we have a surplus of certain crops which we are storing; but this situation will soon change because of population growth and export demand.

Work of John W. Fowler, Jr.

Really, my friend Mr. Fowler of Homewood, Ala., deserves the credit for this idea although it is only a portion of his grand plan. He believes that as soon as the Government completes its proposed national highways and toll roads for automobiles, it will immediately start on a similar program for water. Mr. Fowler believes that there will be three North and South "toll" rivers built: One along the east side of the Rockies, starting from Fort Peck and following the Rocky Mountains, giving sufficient water supply to Southern California, Arizona, and New Mexico. A second further east would feed the Magic Circle by gravity and would start from an elevation of 2,000 feet; while the third would change the flow of the Great Lakes so that instead of this fresh water running off through the St. Lawrence into the Atlantic Ocean and being wasted, it would flow westerly and be distributed where needed.

These possibilities are clearly shown on the Great Relief Map of the United States (65 feet by 45 feet) and the World's Largest Revolving Globe (about 30 feet in diameter, weighing over 20 tons), both of which may be seen at Babson Park, Mass.

B. C. Christopher Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—William H. Mansfield has been added to the staff of B. C. Christopher & Co., 5100 Oakland Avenue. He was formerly with Hill Brothers and Dempsey-Tegeler & Co.

A. G. Edwards Branch

LAKE CHARLES, La.—A. G. Edwards & Sons has opened a branch office in the Weber Building under the management of George W. Clarke. Mr. Clarke formerly conducted his own investment business in Lake Charles.

Edwards Hanly Branch

LEVITTOWN, N. Y.—Edwards & Hanly have opened a branch office at 3076 Hempstead Turnpike under the direction of Robert V. Barger.

W. L. Robertson Opens

DENVER, Colo.—W. L. Robertson is conducting a securities business from offices at 622 South Logan.

Pen Name for Progress Reports

in the Financial Communications-Stockholder Relations Field

It is no accident that there is a pen in our logotype.... As authors of periodic Progress Reports for many a growth company, our pen name is synonymous with financial news. And, as in all good reporting, the emphasis is on facts—clearly, concisely and crisply told. For our past experience has convinced us that all publicly-owned companies must use every ethical tool available to them in order to keep from lagging behind in the KEEN COMPETITION for the investor's dollar that is constantly being waged in the CAPITAL MARKET by over 11,000 listed and unlisted companies.

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Continued from page 25

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Benjamin Franklin Hotel Co. Philadelphia hotel	10	12.00	250	4.8
Berks County Trust Co. (Reading, Pa.)	21	†0.98	26	3.8
Berkshire Gas Co. Operating public utility	35	0.85	16	5.3
Berkshire Hathaway, Inc. Fine cottons	24	0.75	7⅞	9.5
Bessemer Limestone & Cement Co. "Portland" cement	15	†1.91	60	3.2
Bibb Mfg. Co. Textile manufacturer Cotton goods; sheeting, etc.	70	r2.30	31½	7.3
Biddeford & Saco Water Co. Operating public utility	36	5.00	102	4.9
Bird Machine Co. Machinery for paper mills	21	1.25	20	6.3
Bird & Son Asphalt shingles	33	1.25	22	5.7
Birmingham Trust National Bank (Birmingham, Ala.)	12	0.80	40½	2.0
Birtman Electric Co. Household Appliances	30	0.85	17	5.0
Black-Clawson Company Makes paper and pulp mill equipment	25	1.00	21½	4.7
Black Hills Power & Light Operating public utility	17	1.40	22⅞	6.1
Black, Sivalls & Bryson Pressure vessels, valves, and tanks	a28	1.40	31¼	4.5
Bloch Brothers Tobacco Co. "Mail Pouch" chewing tobacco	46	1.40	17¾	7.9
Blue Bell, Inc. Manufacturer of work and play clothes	33	0.85	16¾	5.1
Boatmen's Natl. Bk. St. Louis	85	t2.50	59	4.2
Bobbs-Merrill Co. Inc. Book publisher	17	0.50	15	3.3
Bornot, Inc. Chain of dry cleaning Establishments	28	0.70	12½	5.6
Boston Herald Traveler Corp. Newspaper publisher	23	1.00	19	5.3
Boston Insurance Co. Fire and casualty insurance	82	1.80	32½	5.5
Bound Brook Water Co. Operating public utility	32	0.30	5¾	5.2
Bourbon Stock Yards Co. Louisville stockyards	*32	4.00	60	6.7
Boyertown Burial Casket Miscellaneous funeral supplies	27	0.80	15¾	5.1
Branch Banking & Trust Co. (Wilson, N. C.)	57	†1.50	62	2.4
Bridgeport-City Trust Co. (Conn.)	a103	1.30	33½	3.9
Bridgeport Hydraulic Co. Supplies water to several Connecticut communities	67	1.70	29½	5.8
Brinks, Incorporated Armored car service	66	1.80	36¼	5.0
Bristol Brass Metal fabricator	25	†0.70	11	6.4
British-American Assurance Company Insurance other than life	23	3.82	109	3.5
Brockton Taunton Gas Co. Operating public utility	36	1.00	15	6.7
Brockway Glass Co. Glass containers	30	0.75	24¾	3.0
Brockway Motor Co. Name changed to Cortland Co.				
Brooklyn Garden Apartments, Inc. Own and operate two Brooklyn garden apartments	22	6.00	105	5.7
Brown-Durrell Co. "Gordon" hosiery and underwear	15	0.40	4¾	8.4
Brown & Sharpe Mfg. Machine tools	*21	1.20	24	5.0
Brunswig Drug Co. Wholesale drugs	23	†0.675	17¾	3.8
Bryant Chucking Grinder Co. Manufacturers of internal grinding machinery	23	0.80	11½	7.0
Bryn Mawr Trust Co.	12	1.60	38½	4.2
Buchanan Steel Products Corp. Manufacturing steel forgings	10	0.20	3⅛	6.4
Buck Creek Oil Co. In Continental Oil group	16	0.22	2⅜	9.3
Buck Hills Falls Co. Hotel in Poconos	*32	0.60	17	3.5
Buckeye Steel Castings Co. Production of steel castings	19	3.50	38	9.2
Bullock's Inc. Department and specialty stores	25	†1.96	39½	5.0
Burgermeister Brewing Corp.	a13	0.70	13	5.4
Burgess Battery Co. Dry cell batteries and battery using devices	a23	1.50	23¼	6.5
Burgess-Manning Co. Industrial acoustics, radiant ceiling, recording and controlling instruments	14	5.50	40	13.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
r Stock is on $2 yearly basis. The extra 30 cents was paid to bring 1956 calendar year payment to $2.
t Dividend rate was increased to 75 cents beginning with Oct. 1, 1957 quarter.

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Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Burnham Corp. Greenhouses; radiators, etc. n.a. Not Available.	10	1.60	24½	6.5
Business Men's Assurance Co. of America Life, accident and health	23	0.50	63	0.8
Butler Manufacturing Co. Metal products	19	1.40	45	3.1
Butlers, Inc. Southern shoe chain	17	0.60	9½	6.3
Calaveras Land & Timber Corp. California timber lands	14	2.50	22¼	11.2
California Bank (L. A.)	36	2.00	46½	4.3
California Oregon Power Operating public utility	15	1.60	30½	5.2
California Pacific Title Insurance Co. Title insurance	21	s2.00	34½	5.8
California-Pacific Utilities Operating public utility	14	1.55	29½	5.3
California Portland Cement Cement and lime products	30	3.50	130	2.7
CALIFORNIA WATER SERVICE CO. Public utility-water ● See Company's advertisement on page 43.	26	u2.475	38½	6.4
California Water & Telephone Co. Operating public utility	20	1.10	20⅜	5.4
California-Western States Life Insurance Co. Life, accident & health insurance	19	1.50	92	1.6
Camden Refrigerating & Terminals Co. Cold storage; warehouse business	11	3.25	48	6.8
Campbell (A. S.) Co. Metal stampings, plating, castings	20	†0.38	8	4.8
Campbell Taggart Associated Bakeries, Inc. Bakery chain	*11	1.25	27	4.6
Cannon Shoe Co. Retail shoe stores	24	0.45	5¾	7.8
Carolina Telephone and Telegraph Company Operates telephone exchanges	57	8.00	148	5.4
Carpenter Paper Co. Distributor of paper and paper products. Manufacturing of paper products	60	1.90	37	5.1
Carter (William) Co. Underwear	*25	9.00	155	5.8
Carthage Mills, Inc. Floor coverings	17	2.00	24½	8.2
Cascades Plywood Corp. Plywood	10	2.00	25½	7.8
Caspers Tin Plate Company Metal sheets for containers	18	0.525	8⅛	6.5
Cavalier Apartments Corp. Owning and operating apartment house (Washington, D. C.)	15	2.00	46½	4.3
Central Bank & Trust Co. (Denver)	*11	0.78	18	4.3
Central Coal & Coke Corp. Leases mines on royalty basis	10	1.25	33½	3.7
Central Cold Storage Co. Refrigeration	23	2.00	32½	6.2
Central Electric & Gas Co. Electric & gas utility and through subsidiaries telephone service in several states	15	0.90	15¾	5.7
Central Fibre Products Co., Voting Paper and wall board	*20	1.50	27	5.6
Central Illinois Elec. & Gas Operating public utility	25	1.60	30	5.3
Central Indiana Gas Co. Natural gas public utility	17	0.80	13	6.2
Central Louisiana Elec. Co. Electric, gas and water utility	22	1.55	35½	4.4
Central Maine Power Co. Electric utility	15	1.40	21¼	6.6
Central National Bank of Cleveland	15	1.80	35¼	5.1
Central National Bank & Trust Co. (Des Moines)	20	6.00	150	4.0
Central-Penn National Bank (Philadelphia)	129	2.00	38	5.3
Central Soya Co. Soybean processing and mixing of livestock feed	16	1.60	31¾	5.0
Central Steel & Wire Co. Metal processing and distribution	15	3.00	62	4.8
Central Telephone Co. Telephone service	12	†0.95	20⅝	4.6
Central Trust Co. (Cinn.)	21	2.50	59	4.2
Central Vermont Public Service Corp. Electric and gas utility	14	1.00	17¾	5.6
Central Warehouse Corp., Class A Operates warehouse in Albany	19	1.00	15½	6.5
Central West Co. Investment trust	22	0.30	6	5.0
Central West Utility Co. Operating public utility	16	2.50	30	8.3
Chain Store Real Estate Trust Retail store properties	20	5.50	85	6.5

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
s Adjusted for 2-for-1 stock split on June 21, 1957.
u Includes "adjustment dividend" of 27½ cents paid in connection with change in schedule of quarterly payment dates. Current regular dividend rate 60 cents per quarter.

Continued on page 28

Exchange Firms Ass'n Meets on Coast; R. J. Lewis Nominated

SAN FRANCISCO, Calif. — Robert J. Lewis, partner in Estabrook & Co., New York City, has been nominated President of the Association of Stock Exchange Firms, it was announced from the Mark Hopkins Hotel where the Board of Governors of the association is holding its fall meeting. David Scott Foster of Pershing & Co., New York, and Harry C. Piper, Jr., of Piper, Jaffray & Hopwood, Minneapolis, have been nominated as Vice-Presidents and James A. Hetherington, II, of Goodbody & Co., New York, as Treasurer. Elections will take place at the annual meeting in New York in November.

Robert J. Lewis

Marco F. Hellman, senior partner of J. Barth & Co., San Francisco, and resident governor of the association, was in charge of the arrangements. The meeting will conclude with sessions at the Beverly Hills Hotel, Los Angeles, Oct. 10 and 11.

The two-day meeting in San Francisco was highlighted by a luncheon at which the board and representatives of the San Francisco financial community were addressed by Allan Sproul, former President of the Federal Reserve Bank of New York and now a director of the American Trust Co. This was followed by an open board meeting devoted to a discussion of current industry problems. E. Jansen Hunt, partner in White, Weld & Co., New York, and President of the association, presided at the business sessions.

In addition to Mr. Hunt and Mr. Hellman, the meetings are being attended by representatives of the New York Stock Exchange and the following officers and governors of this 44 year old national trade association of member firms of the New York Stock Exchange:

Lloyd W. Mason, Vice-President, Paine, Webber, Jackson & Curtis, New York; Lloyd C. Young, Vice-President, Lester, Ryons & Co., Los Angeles; James G. Tremaine, Treasurer, Gude, Winmill & Co., New York.

John D. Baker, Jr., Reynolds & Co., New York; John D. Burge, Ball, Burge & Kraus, Cleveland; Edward N. Carpenter, Jesup & Lamont, New York; Henry I. Cobb, Jr., De Coppet & Doremus, New York; William C. Coe, Mackall & Coe, Washington, D. C.; Henry M. Cook, Newhard, Cook & Co., St. Louis; Charles P. Cooley, Jr., Cooley & Company, Hartford; Brittin C. Eustis, Spencer Trask & Co., New York; David S. Foster, Pershing & Co., New York; James A. Hetherington, II, Goodbody & Co., New York; Henry Hornblower, II, Hornblower & Weeks, Boston; Robert J. Lewis, Estabrook & Co., New York; Charles McKenna Lynch, Jr., Moore, Leonard & Lynch, Pittsburgh; Michael W. McCarthy, Merrill Lynch, Pierce, Fenner & Beane, New York; Herbert O. Peet & Company, Kansas City; Harry C. Piper, Jr., Piper, Jaffray & Hopwood, Minneapolis; William C. Roney, Wm. C. Roney & Co., Detroit; James H. Scott, Scott & Stringfellow, Richmond; Wickliffe Shreve, Hayden, Stone & Co., New York; Edward Starr, Jr., Drexel & Co., Philadelphia; Edward F. Thompson, Jr., Lamson Bros. & Co., Chicago; Jay N. Whipple, Bacon, Whipple & Co., Chicago.

Green, Ellis Branches

Green, Ellis & Anderson has opened a branch office in the Elks Office Building, Bloomsburg, Pa., under the direction of Charles H. Henrie, and at 25 Forest Avenue, Pearl River, N. Y. with William C. Meyer as representative.

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Camco Incorporated
Cary Chemicals, Inc.
Consolidated Rendering Company
The Duriron Company, Inc.
Electronics Associates, Inc.
The First National Bank of Jersey City
The Fort Neck National Bank of Seaford
Hudson Pulp & Paper Corp.
Jones & Lamson Machine Company
The Kerite Company
The Meadow Brook National Bank
Morningstar, Nicol, Inc.
National Aluminate Corporation
National Blankbook Company
River Brand Rice Mills, Inc.
Rock of Ages Corporation
Shea Chemical Corporation
Shulton, Inc.
St. Croix Paper Company
Speer Carbon Company
Triangle Conduit & Cable Co., Inc.
Williams and Company, Inc.

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Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The tight money policy characterized as "active restraint" is still being used to fight the forces of inflation and to bring the boom to and end. Nevertheless, in spite of this pressure on the money markets, more funds are bing invested in income-bearing securities because the feeling is growing that there we are near, if not at the end, of a period of tight money. Also the fact that yields of bonds are high is not a retarding factor as far as commitments in these securities are concerned.

Demand for the shortest maturities of Governments continues to be large, with money that would ordinarily be invested in other securities still being used to buy these issues. Competition from the optional 4s has taken some of the attention away from Treasury bills. The 4% bond, a product of the recent new money raising venture of the Treasury, continues to be one of the most popular securities in the list.

General Bullishness on Bond Market Prevails

The interest in fixed income bearing obligations is still expanding and, in spite of the rather ample supply of new offerings of corporate and tax exempt securities which are on the immediate calendar, buyers are making larger commitment in bonds. The feeling among purchasers of bonds appears to be veering very much towards the bullish side of the equation, and this is evidenced by opinions being put forth by not a few money market specialists that the bottom of the decline in bond prices has already been reached. Those that are not quite as bold in their thinking about the present position of the bond market do, however, admit that the recent action of prices of bonds appears to indicate that a bottom is in the process of being worked out.

There have been false starts in the past in the bond market because the pressure of the demand for funds was so great that when prices of bonds moved up a bit, it brought about liquidation. This time, however, somewhat improved prices for bonds, has not so far resulted in selling such as witnessed in the past.

It may be a bit early to say that higher prices for bonds will not bring about some liquidation. Nevertheless, it looks as though the inflationary demand for funds is subsiding now and, under such conditions, there is not likely to be the same pressure to get cash. This most likely means that bond liquidation with improving quotations will be very much smaller, if not in some cases almost nonexistent.

Is the "Boom" Over?

The attitude of quite a few money market followers now is that the boom is over and, with less of a demand for money for capital expenditures, or the stretching out of this spending over a longer period of time, there will be more money available for the purchase of fixed income bearing obligations. Also, more tangible evidence that the business pattern is deteriorating could bring about changes in the tight money and credit limiting policies of the monetary authorities. This would be reflected in an improved demand for bonds of all kinds, corporates, tax-exempts and Governments.

Tax Switches Under Way

Tax switches are still prominent in the Government market, but reports indicate that securities have to be available for both sides of the operation before they will be done. The fact that some holders of selected issues are not so prone to sell them at currently existing quotations seems to be one of the symptoms that is usually found when money market conditions are not so pressing, as appears to be true at this time. There have been reports that switches are being made, in not too sizable amounts, from the shorter-term Government obligations into the more distant issues. This is not yet important enough to idicate a trend, but witn any ease in money market conditions there will be more of a tendency to [illegible] into the severely price depressed long-term bonds.

New Bond and Note 4s Still In Demand

The 12-year 4% Government bond due in 1969 continues to attract the attention of investors and there are indications that the institutional buyers are getting more important in this obligation. Advices also point out that small savers are still very much interested in this security. The optional maturity 4s are likewise being well bought and out-of-town commercial banks are evidently making not only new money purchases of these issues, but they are also in these notes.

Professional's Viewpoint In New Investment Course

The professional analyst's point of view will be presented to the public in a new type of investment course. It will be under the supervision of the New York Stock Exchange firm of McLaughlin, Cryan & Co.

Noted analysts and economists from a cross-section of stock exchange houses and investment advisory organizations will function as guest lecturers. The course will be under the supervision of John F. McLaughlin and Frank M. Cryan, who are official lecturers for the Investor's Information Program of the New York Stock Exchange.

Classes will be held weekly at the Plaza Hotel, New York City, on Friday afternoons at 3 p.m. for women, and at 8 p.m. for men and women, beginning Oct. 11. Similar classes will be held Thursday evenings, starting Oct. 10, at the Barefoot Boy of Brittany Hills Restaurant in Great Neck, Long Island.

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Continued from page 27

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Chambersburg Engineering Forging hammers, hydraulic presses	20	2.00	33	6.1
Chance (A. B.) Co. Manufacturing products for Utility Line Construction & Maintenance	22	1.20	22¾	5.3
Chapman Valve Mfg. Co. Gate valves, fire hydrants	21	3.00	45	6.7
Charleston Natl. Bk. (W. Va.)	21	2.00	33	6.1
Chase Manhattan Bank	110	2.35	47⅝	4.9
Chatham Manufacturing Co., Class A Woolen blankets	10	0.16	4	4.0
Chemical Corn Exch. Bank	*100	2.00	47	4.3
Chenango & Unadilla Telephone Corp. Operating telephone company	31	1.20	22¼	5.4
Chicago Allerton Hotel Co. Chicago hotel	18	5.50	86	6.4
Chicago, Burlington & Quincy RR. Co. Midwest carrier	95	7.50	161	4.7
Chicago City Bk. & Trust Co.	22	5.00	135	3.7
Chicago Medical Arts Building Corp. Office building	11	2.50	47	5.3
Chicago Mill & Lumber Wood boxes	17	1.25	26	4.8
Chicago Molded Products Corp. Plastic molding	18	0.80	11½	7.0
Chicago Title & Trust Co.	22	5.00	80	6.3
Chilton Co. Publisher of business magazines	20	1.00	24½	4.1
China Grove Cotton Mills Co. Combed yarn manufacturer	35	2.00	45	4.4
Christiana Secur. Co. Holding company	*32	485.00	13,500	3.6
Circle Theatre Co. Indianapolis theatre	21	4.00	44¾	8.9
Citizens Commercial & Savings Bank (Flint, Mich.)	21	†2.00	89	2.2
Citizens Fidelity Bank & Tr. (Louisville)	38	†1.59	45	3.5
Citizens Natl. Trust & Savings Bank (Los Angeles)	63	2.25	52½	4.3
Citizens Nat. Trust & Savings Bank (Riverside, Calif.)	53	1.60	60	2.6
Citizens & Southern National Bank (Savannah)	52	1.50	35¾	4.2
Citizens & Southern National Bank of S. C. (Charleston)	17	1.60	43½	3.7
Citizens Utilities Co., Cl. B Public utility	19	0.90	16⅛	5.6
City National Bank & Tr. Co. (Chicago)	16	†2.70	62½	4.3
City Nat. Bank & Trust Co. (Columbus, Ohio)	22	1.00	29	3.4
City National Bank & Tr. Co. (Kansas City)	*29	0.80	83	1.0
City Title Insurance Co. Title insurance	19	0.40	6½	6.1
Cleveland Builders Supply Manufacturers and distributors of building materials	18	n2.70	44	6.1
Cleveland Quarries Co. Building and refractory stone	17	0.40	10¾	3.7
Cleveland Trust Co.	21	†5.63	235	2.4
Cleveland Union Stock Yards Company Operates livestock yards	51	0.50	9¾	5.1
Coca-Cola (Los Angeles)	33	1.50	25½	5.9
Coca-Cola (New York)	18	†0.99	28½	3.5
Coca-Cola (St. Louis)	29	0.60	16½	3.6
Collins Co. Farm and cutting implements	*42	8.00	121	6.6
Collyer Insulated Wire Manufacturer of insulated wire and cable	39	2.75	42½	6.5
Colonial Life Insurance Co. of America Non-participating life insurance	11	1.00	143	0.7
Colonial Stores Retail food stores in Southeast and Midwest	16	†1.09	23¾	4.6
Colorado Central Power Co. Electric light and power supplier	23	1.24	27	4.6
Colorado Interstate Gas Co. Natural gas transmission	22	1.25	66¼	1.9
Colorado Milling & Elevator Flour and prepared mixes for baking	12	1.40	21½	6.5
Columbia Baking Co. (Del.) Name changed in April 1957 to Southern Bakeries Co.				
Columbian National Life Insurance Co. Life, accident and health	15	2.00	82½	2.4
Commerce Trust (K. C.)	21	2.10	86	2.4
Commerce Union Bank (Nashville)	41	1.00	42	2.3
Commercial Discount Corp. Provides working capital	11	0.30	11¼	2.7
Commercial Shear, & Stamp. Pressed metal products, hydraulic oil equipment and forgings	22	†0.925	24¼	3.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
n Includes 50 cent extra dividend paid Oct. 25, 1956. For fiscal year Oct. 1, 1956—Sept. 30, 1957 dividend payment was $2.40.

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Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Commercial Trust Co. of New Jersey (Jersey City)	52	3.50	83½	4.2
Commonwealth Life Insurance Co. (Ky.) Non-participating and industrial life	16	0.20	25	0.8
Commonwealth Trust Co. (Pittsburgh)	55	1.20	40	3.0
Community Hotel Co. (Pa.) York Pa., hotel	10	6.00	91	6.6
Concord Elect. (New Eng.) Operating public utility	52	2.40	43½	5.5
Connecticut Bank & Tr. Co.	142	1.70	37¼	4.6
Connecticut General Life Insurance Co. Life, accident and health insurance (group and individual)	79	1.80	298	0.6
Connecticut Light & Power Operating public utility	35	0.98	17¾	5.5
Connecticut National Bank (Bridgeport, Conn.)	16	0.725	16⅞	4.3
Connecticut Power Co. Electric and gas public utility	42	2.25	40½	5.6
Connecticut Printers, Inc. Commercial printing	78	1.60	33	4.8
Connohio, Inc. Sale of ice & oil, & warehousing	10	0.275	3⅛	8.8
Consolidated Dearborn Owns office buildings in Chicago and Newark	11	1.30	24	5.4
Consolidated Dry Goods Co. Department store chain	15	3.80	78	4.9
Consolidated Metal Products Corp. Owns railroad equipment patents	22	2.375	52	4.6
Consolidated Naval Stores Holding company, diverse interests	24	9.00	570	1.6

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 51.

Consolidated Rendering Co. Tallow, grease, meat scrap, fertilizers, hides and skins	22	2.00	26½	7.5
Consol. Water Pwr. & Paper Manufactures paper and paper products	24	1.00	34½	2.9
Continental American Life Insurance Co. Participating life	*32	1.45	52	2.8
Continental Assurance Co. Life, accident and health	44	1.20	122	1.0
Continental Casualty Co. Diversified insurance	23	b1.40	89¼	1.6
Continental Gin Manufactures cotton ginning equipment	57	2.50	31½	7.9
Continental Illinois National Bank and Trust Co. of Chicago	22	4.00	84¾	4.7
Copeland Refrigeration Corp. Refrigerators and air conditioning	11	1.00	15⅛	6.6
Corduroy Rubber Co. Tires and tubes	18	3.00	44	6.8
Cornell Paperboard Products Wall & paperboard & containers	17	1.00	15⅛	6.6
County Bank & Trust Co. (Paterson, N. J.)	89	1.50	29¼	5.1
County Trust (White Plains)	*32	†0.48	25½	1.9
Cowles Chemical Co. Manufacturing chemists	17	0.50	14½	3.4
Creamery Package Mfg. Food processing and refrigerating machines and farm coolers	70	2.00	38¾	5.2
Crompton & Knowles Corp. Wide variety of looms	25	1.25	17⅛	7.3
Crown Life Insurance Co. Life, accident and sickness; also annuities	34	1.70	130	1.3
Cuban Telephone Co. Operating public utility	14	c6.50	90	7.2
Cumberland Gas Corp. Operating public utility	10	0.60	6¾	8.9
Curlee Clothing Co. Men's suits and overcoats	18	0.60	9½	6.3
Curtis Companies, Inc. Windows, doors and other woodwork	*15	0.30	8	3.8
Dahlstrom Metallic Door Co. Doors, mouldings, cabinets	15	1.15	15½	7.4
Dallas Transit Co. Local transit facilities	15	0.35	4⅞	7.2
Darling (L. A.) Co. Manufacturing display equipment	10	†0.48	16	3.0
Dayton Malleable Iron Co. Iron and steel castings	22	1.50	21	7.1
Decker Nut Manufacturing Co. Manufacturer of cold headed industrial fasteners	11	0.30	4	7.5
Del Monte Properties Co. Real estate	12	2.60	52	5.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
b Plus one share of Continental Assurance for each 100 shares of Continental Casualty stock held.
c Less Cuban tax.

Continued on page 30

Securities Salesman's Corner

By JOHN DUTTON

Ingenuity Helps!

If you have some imagination you can create business where another man might look and never find it. I have a letter for you this week that was written to a man whom the corresponding salesman never met but it produced a $8,555 sale of bank stock. One day while looking over the annual report of a well-known bank in a neighboring city, this salesman noticed pictures and stories about several of the bank's depositors that were important business firms in that community. One firm we will call "Tayson-Donald & Statler Inc." This salesman obtained a telephone directory and discovered that the "Tayson" member of the firm was a "Mr. J. D. Tayson" and he sent the following letter to him:

"Dear Mr. Tayson:

"We recently acquired a block of First National Bank of Anytown Capital Stock at an attractive figure. We can now offer you any part of 300 shares at $28.50 per share subject to prior sale.

"This stock has shown remarkable growth and now has a book value including reserves of $40.46 per share.

"Current dividend $1.50
Current yield ___ 5.25%

"As a depositor in this bank, and as an Anytown businessman, I know you will want to take advantage of this offering. Please indicate the number of shares you desire on the coupon below and mail to us in the enclosed envelope.

"Very truly yours,
"BLANK & CO.
"By: John C. Doe"

This letter drew the following response:

"BLANK & CO.
100 Main Street.
Anytown, U.S.A.
"Att. Mr. John C. Doe

"Please enter my order for—— shares of First National Bank of Anytown, Capital Stock at $28.50 per share. I understand that this stock is being sold on the 'first-come, first-served basis' and that my order will only be filled while there is still stock available. Upon receipt of your confirmation, I will mail my check for the above shares.

"Signed ________________
Address ________________"

The foregoing letter sold the stock and opened a substantial account. Alertness, some imagination and a well-worded letter with an order blank tacked on, hit the bull's eye. He gave his man an opportunity to buy something with which he was familiar and attractively priced. Possibly you can come up with something like this in your own back yard.

Look Around for Those Who May Have Surplus Now

There are many business firms that are doing more or less of a cash business and today this is one of the most attractive lines of endeavor, especially when inventory problems are not too prevalent, or other factors of a similar nature. These businesses have an opportunity to invest their surplus in securities and quite a few of them are interested in tax exempt bonds. If there are amusement parks in your city that have some concessions that are doing well; if there are drive-in theaters that are prospering; if there are exhibitions that charge a fee such as an entertainment park for children; these operations sometimes accumulate quite a surplus that they do not have to invest in merchandise or accounts receivable. I know of several sizable sales of TAX FREE municipal bonds that have been bought by the operators of such businesses recently. It pays to do a little thinking about who might be making some money these days. A look through your local classified directory might give some enterprising investment salesman an idea or two.

P. S.—At last there is a reason for dull stock markets that everyone can understand—last week it was the Braves and the Yanks!

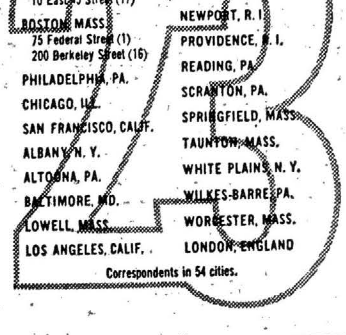
Kidder Branch Opened

POMPANO BEACH, Fla.—A. M. Kidder & Co., Inc. has opened a branch office at 2451 Atlantic Boulevard under the management of Garland P. Wright. Mr. Wright was formerly in the firm's Fort Lauderdale office.

Through its extensive activities in all phases of over-the-counter trading, Kidder, Peabody & Co. is in a strategic position to execute buy and sell orders that call for up-to-the-minute, first-hand knowledge of the securities involved. The firm's long experience under widely varying conditions has resulted in a highly developed "feel of the market", often enabling it to capitalize on changing conditions, trends, and trading patterns.

Our large and experienced Trading Department, in 23 offices coast-to-coast, deals in a long list of industrial, utility, railroad, insurance, and natural gas transmission stocks —as well as preferred stocks, bank and insurance issues and foreign securities. The firm also takes positions in special situations that are of vital interest to many investors.

Tell us your trading requirements and we will do our best to meet them. Address Mr. Alfred J. Stalker, Manager, Dealer Relations Department.



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$28,900,000 Issue of San Francisco Bonds Offered to Investors

Bank of America N. T. & S. A. and associates offered on Oct. 7 a total of $28,900,000 City and County of San Francisco, Calif., 6%, 5½%, 4¾%, 3¾% and 3% various purpose bonds, maturing Nov. 1, 1958 to 1977, inclusive.

The bonds are scaled to yield from 2.40% to 3.20%, according to maturity.

In the opinion of counsel, the bonds will constitute valid and legally-binding obligations of the City and County of San Francisco. The bonds are legal investments in New York for trust funds and savings banks and in California for saving banks, trust funds and other funds which may be invested in bonds which are legal investments for savings banks.

Associates in the offering are:

Harris Trust and Savings Bank; The First National City Bank of New York; The Chase Manhattan Bank; Bankers Trust Company; Guaranty Trust Company of New York; Blyth & Co., Inc.; The First Boston Corporation; Lehman Brothers; Harriman Ripley & Co. Incorporated;

Smith, Barney & Co.; American Trust Company, San Francisco; Security First National Bank of Los Angeles; The Northern Trust Company; Phelps, Fenn & Co.; Merrill Lynch, Pierce, Fenner & Beane; R. H. Moulton & Company; Weeden & Co. Incorporated; C. J. Devine & Co.; The First National Bank of Portland, Oregon; Seattle First National Bank; Lazard Freres & Co.;

Dean Witter & Co.; Ladenburg, Thalmann & Co.; J. Barth & Co.; The Boatmen's National Bank of Saint Louis; Clark, Dodge & Co.; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; R. W. Pressprich & Co.; Reynolds & Co.; Shearson, Hammill & Co.; Shields & Company;

William R. Staats & Co., Dominick & Dominick; Estabrook & Co.; New York Hanseatic Corporation; Roosevelt & Cross Incorporated; F. S. Smithers & Co.; Spencer Trask & Co.; Andrews & Wells, Inc.; Eldredge & Co. Incorporated; The First National Bank & Trust Company;

The Illinois Company Incorporated; Kean, Taylor & Co.; A. M. Kidder & Co., Inc.; Wm. E. Pollock & Co., Inc.; Provident Savings Bank & Trust Company; Schoellkopf, Hutton & Pomeroy, Inc.; Schwabacher & Co.; Stone & Youngberg; Trust Company of Georgia; City National Bank & Trust Company of Chicago.

Now Prudential Inv.

The firm name of Martin Bravman & Company, 165 Broadway, New York City, has been changed to Prudential Investors Corporation.

World Bank to Offer $75,000,000 of Bonds

The International Bank for Reconstruction & Development proposes to make an offering of $75,000,000 23-year 4¾% bonds this month, Eugene R. Black, President, announced on Oct. 4. The issue will be sold through a nationwide underwriting group under the joint management of Morgan Stanley & Co. and The First Boston Corp.

As in the two most recent issues in the United States market, the bank, in addition to offering bonds for regular delivery, will extend to certain institutional purchasers of bonds of this new issue, the privilege of making delayed payments giving them a selection of specified delivery dates between Feb. 1, 1958 and Nov. 1, 1960. This arrangement is expected to serve the dual purpose of coordinating a portion of the bank's borrowing with its disbursements and of making it possible for purchasers to arrange their payments to suit their individual preferences in the light of their own projected cash positions.

The bonds will be non-redeemable for 10 years. During this 10-year period a purchase fund of equal monthly amounts aggregating 5% per annum will operate to purchase bonds available in the open market. Beginning in 1967, a sinking fund will be in effect calculated to retire 50% of the issue by maturity.

Miss Ryan Receives Bankwomen's Award

Miss Elizabeth G. Ryan of The Guarantee Trust and Safe Deposit Company of Shamokin, Pa., was presented with the Jean Arnot Reid Award by the National Association of Bank Women at a luncheon held Oct. 9, 1957, at the Sheraton-Plaza Hotel, Boston, Mass. Miss Virginia Engelken, Assistant Secretary, The Cincinnati Trust Company, Cincinnati, Ohio, Chairman of the Founders' Tribute Committee for the Association, announced the Award which was presented to Miss Ryan by the Association's President, Mrs. Bee Bush, Vice-President of the Valley National Bank, Phoenix, Arizona.

The Jean Arnot Reid Award was established in 1936 by the Association in honor of a founder and former President and consists of an embossed scroll and $100 in cash as well as Convention expenses. It is given annually to one of ten women graduates of the American Institute of Banking with high scholastic averages who, through the integrity of character and efficiency of work, is considered the best fitted to represent women in banking.

R. L. Shaw Retires

SAN FRANCISCO, Calif.—Announcement has been made of the retirement of R. Leslie Shaw as a partner of Shaw, Hooker & Co., effective Oct. 1, 1957.

Mr. Shaw had been associated with the firm for approximately 25 years.

Shaw, Hooker & Co. will continue its activity as stock and bond brokers and participating distributors and dealers in railroad, municipal and public utility securities, bank and insurance stocks and Canadian securities.

Chicago Analysts to Hear

CHICAGO, Ill.—Robert S. Galvin, President of Motorola, Inc., will address the luncheon meeting of the Investment Analysts Society of Chicago to be held Oct. 10 in the Adams Room of the Midland Hotel.

Active Trading Markets in

FOREIGN SECURITIES

UNITED KINGDOM
Anglo-Ecuadorian Oilfields
Borax (Holdings) Ltd.*
Bowater Paper Corp., Ltd.*
British Aluminium, Ltd.*
British-American Tobacco
British Petroleum Co., Ltd.*
Burmah Oil Co. Ltd.*
Canadian Eagle Oil Co.
Courtaulds, Ltd.*
Ford Motor Co. Ltd.
Great Universal Stores, Ltd.
Hudsons Bay Co.
Imperial Chemical, Ltd.
Imperial Tobacco Co.
Lobitos Oilfields Ltd.*
Mexican Eagle
Rio Tinto
Selection Trust, Ltd.
Shell Transp. & Trading* (Reg.)
Stewarts & Lloyds*
Trinidad Petroleum Development Co., Ltd.
Ultramar Co., Ltd.*
Unilever, Ltd.*
Vickers, Ltd.*

NETHERLANDS
A. K. U.*
K. L. M.* (Bearer)
Philips Lamps
Royal Dutch (Bearer)
Unilever, N. V.

AUSTRALIA
Consolidated Zinc
Mount Isa Mines, Ltd.

GERMANY
I. G. Farben Liquid. Ctfs.
Siemens & Halske A. G.*

ITALY
Montecatini* (Reg.)

FRANCE
Suez Canal Co. (all issues)

SOUTH AFRICA
Anglo-American Corp. of S. Africa
De Beers Consol. Mines
Potgietersrust Platinums

OTHER AFRICA
Rhodesian Anglo-American Corp.*
Rhokana
Roan Antelope
Tanganyika Concessions*
Union Minière

*American Depositary Receipts are available.

Our Foreign Trading and Research Departments will be glad to furnish quotations and information on these and other international securities.

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Members New York Stock Exchange
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Continued from page 29

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Delaware Railroad Co. Leased and operated by P.R.R.	58	2.00	39	5.1
Delta Electric Co. Hand lanterns and auto type switches, bicycle lamps and horns	24	1.50	18	8.3
Dempster Mill Manufacturing Farm equipment	21	1.20	21	5.7
Dentist's Supply (N. Y.) Artificial teeth and other dental supplies	*31	1.00	17¾	5.6
Denver Natl. Bank (Denver)	*33	†1.28	36	3.6
Denver Union Stock Yard Co. Livestock	38	†3.50	70	5.0
Detroit Aluminum & Brass Bearings and bushings	*11	0.65	8¼	7.9
Detroit Bank & Trust Co.	a21	d1.80	40½	4.4
Detroit & Canada Tunnel Owns and operates international tunnel	16	1.00	15	6.7
Detroit Harvester Co. Mfr. auto parts, farm equipment and power lawn mowers	22	1.20	18⅞	6.4
Detroit International Bridge Operates bridge to Windsor	13	1.05	19⅜	5.4
Detroit Mortgage & Realty Co. Real estate financing	18	0.075	2	3.8
Detroit Stamping Co. Pressed metal parts & specialties	24	1.30	18¾	6.9
Diamond Portland Cement Manufacturer of Portland Cement	35	1.25	28½	4.4
Dickey (W. S.) Clay Mfg. Co. Sewer and culvert pipes, tiles	11	1.20	23½	5.1
Dictaphone Corp. Manufacture and sale of Dictaphone, dictating, recording and transcribing machines	31	†1.60	57	2.8
Dictograph Products Co. Holding company	11	0.10	6	1.7
Dime Bank (Akron)	22	2.00	na	--
Discount Corp. of New York Dealers in U. S. Treasury securities and bankers acceptances	38	8.00	132	6.1
District Theatres Operates theatre chain	11	0.20	3⅛	6.4
Dixon (Joseph) Crucible Co. Crucibles, graphite, paint	18	1.12	19	5.9
Dobbs Houses, Inc. Restaurant and airline catering	10	†1.90	37¾	5.0
Doeskin Products, Inc. Tissues	20	†0.45	3¼	13.8
Dollar Savings & Trust Co. (Youngstown)	17	5.00	190	2.6
Donnelley (R. R.) & Sons Largest commercial printer in United States	47	†0.78	24⅞	3.1
Drackett Co. Manufactures soybean and household products	*24	0.50	7½	6.7
Dravo Corp. Heavy engineering projects, marine equipment	18	2.30	54¾	4.2
Drexel Furniture Co. Furniture manufacturer	*21	1.60	25	6.4
Drovers Natl. Bk. (Chicago)	74	0.80	24	3.3
Ducommun Metals & Supply Metals and industrial supplies Steel or nonferrous products	22	†1.24	28	4.4
Duff-Norton Industrial jacks and lifting equipment	67	2.70	39½	6.8
Dun & Bradstreet Inc. Credit and marketing reports and publications	24	1.60	29⅛	5.5
Duriron Co. Corrosion resistant equipment	17	1.10	23¼	4.7
Eason Oil Co. Oil and gas production	15	0.50	19¼	2.6
Eastern Racing Assn. Suffolk Downs	16	0.30	4	7.5
Eastern Utilities Associates Holding company, New England public utilities	29	2.20	32¼	6.8
Eaton Paper Corp. Manufactures social stationery, typewriter paper, social and business record books	12	4.50	58	7.8
Economics Laboratory, Inc. Mfr. of cleaning compounds	20	†0.70	15¼	4.6
Ecuadorian Corp., Ltd. (Bahamas) Holding co.—brewing interests	19	1.00	11⅞	8.4
Edgewater Steel Co. Circle E. rolled steel railroad wheels and tires, steel rings and forgings	*12	3.30	56¾	5.8
Edison Sault Electric Co. Operating public utility	21	0.80	16¾	4.8
Egry Register Co. Autograhic registers	18	0.25	19	1.3
El Paso Electric Co. Public utility	29	0.975	22½	4.3
El Paso Natl. Bank (Texas)	23	2.40	58	4.1
Electric Hose & Rubber Co. Rubber hose	18	1.50	31½	4.8
Electrical Products Consol. Neon sign manufacturing	22	1.70	27½	6.2
Electro Refractories & Abrasives Corp. Manufacturer of abrasives	22	0.58	10¾	5.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
d Bank pays a 45c quarterly dividend. Yield is computed on that basis.
n.a. Not Available.

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Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Elizabethtown Consolidated Gas Co. Natural gas distributing utility	34	1.50	30	5.0
Elizabethtown Water Co. (Consolidated) Operating public utility	34	1.60	38½	4.2
Emhart Manufacturing Co. Glass industry machinery	11	1.35	54¾	2.5
Empire Southern Gas Co. Natural gas public utility	14	1.05	24½	4.3
Empire State Oil Oil production and refining	10	0.30	9¼	3.2
Empire Trust Co. (N. Y.)	51	†2.91	182	1.6
Employers Casualty Co. Fire and Casualty Insurance	*33	2.00	77	2.6
Employers Reinsurance Corp. Multiple line reinsurance	43	1.25	27	4.6
Equitable Security Trust Co. (Wilmington)	162	4.00	86	4.7
Equitable Trust Co. (Balt.)	42	†0.97	57	1.7
Erie & Kalamazoo RR. Leased by New York Central	108	3.00	47	6.4
Erie Resistor Corp. Electronic products and molded plastics	18	†0.40	12⅝	3.2
Erlanger Mills Corp. Textile holding and operating co.	11	0.80	15½	5.2
Erwin Mills, Inc. Textile mills	25	0.75	10¼	7.3
Essex Co. Water power to mills	46	4.00	59	6.8
Excelsior Life Insurance Co. (Toronto) Participating & non-participating	*29	†0.80	145	0.6
Exeter & Hampton Electric Company Operating public utility	49	2.60	45	5.8
Exeter Manufacturing Co. Cotton and glass fabrics	16	1.00	37	2.7
Exolon Co. Manufacture artificial abrasives and magnetic separators	21	1.85	42	4.4
Faber Coe & Gregg, Inc. Tobacco wholesaler	23	3.30	50½	6.5
Fafnir Bearing Co. Manufacturer of ball bearings	44	†2.35	60	3.9
Fairmont Foods Company Dairy products and frozen foods	53	1.30	23¾	5.5
Fairmont Railway Motors, Inc. Railway motor cars	*23	35.00	418	8.4
Fall River Gas Co. Operating public utility	*48	1.425	23½	6.1
Fanner Mfg. Manufactures chaplets and chills for foundries	44	0.75	7¾	9.7
Farmers & Merchants Bank of Long Beach (Calif.)	22	3.00	70	4.3
Farrel-Birmingham Co. Heavy machinery & machine tools	22	2.00	37	5.4
Fate-Root-Heath Co. Manufactures locomotives, ceramic machinery and lawnmower sharpeners	23	1.00	14	7.1
Faultless Rubber Miscel. rubber goods, sponges	32	1.15	23	5.0
Federal Bake Shops, Inc. Chain of retail bake shops	21	0.35	5¼	6.7
Federal Chemical Co. Fertilizers	13	4.00	80	5.0
Fed. Compress & Warehouse Cotton compress and warehousing	31	1.35	19½	6.9
Federal Insurance Co. Multiple line insurance	55	0.90	38	2.4
Federal Screw Works Screws and machines	16	1.50	17¼	8.7
Federal Trust Co. (Newark)	13	1.50	36	4.2
Federated Publications, Inc. Michigan newspapers	22	4.65	90	5.2
Ferry Cap & Set Screw Co. Manufacturer of screw products	18	0.40	5¼	7.6
Fidelity-Baltimore Natl. Bk. (Baltimore)	52	†1.92	48½	4.0
Fidelity-Philadelphia Trust	92	4.50	76	5.9
Fidelity Trust Co. (Pgh.)	73	3.25	70	4.6
Fidelity Union Tr. (Newark)	63	†2.97	59¾	5.0
Fifth-Third Un. Tr. (Cinn.)	20	2.00	49	4.1
Fifty Associates (Boston) Boston real estate	*11	50.00	1300	3.8
Finance Co. of Pennsylvania Real estate and securities	28	†2.90	60	4.8
Fireman's Fund Insur. Co. Western fire underwriter	49	1.80	51¾	3.5
Firemen's Ins. Co. (Newark) Diversified insurance	20	1.30	33	3.9
First Amer. Nat. Bk. (Nashv.)	19	1.30	28½	4.6
First Bank Stock Corp. Bank holding company	28	1.70	33½	5.1
First Bank & Trust Co. (South Bend)	18	1.20	32	3.8
FIRST BOSTON CORP. Investment banking ● See Company's advertisement on page 22.	18	4.75	56½	8.4
First Camden National Bank & Trust Co. (N. J.)	12	0.85	20½	4.1
First City Natl. Bk. (Houston	24	†1.93	62	3.1
First Natl. Bank of Akron	18	†0.97	40	2.4
First Natl. Bank of Atlanta	*28	†1.47	32	4.6
First Natl. Bank (Baltimore)	29	2.50	50½	5.0
First Natl. Bank (Birming.)	14	e1.40	44	3.1
First Natl. Bank of Boston	173	3.05	66	4.6

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
e Bank also declared an 11.11% stock dividend in January 1957.

Continued on page 32

Dime Savings Head Pleased With Response to New F. H. A. Rate

Brooklyn Savings banker is not surprised by heartier mortgage-supply response to recent FHA rate increase. Mr. Johnson argues price of money should be freely determined and approves "return to the historical policy of adequate rewards to savers."


George C. Johnson

The quarter of a point rise in interest rate permitted under the recently liberalized terms of mortgages insured by the Federal Housing Administration "has made untold millions of dollars available for mortgages throughout the nation, and is negligible so far as the home-buyer is concerned," it was asserted Oct. 6 by George C. Johnson, President of The Dime Savings Bank of Brooklyn.

The banker's comment followed reports from the FHA that applications for government-insured loans have shown a marked increase since the mortgage terms were liberalized and the interest rate permitted to rise ¼ of 1% in August.

"This indicates to me that adequate money is, and always has been, available for investment in home mortgages if the interest rate is acceptable," Mr. Johnson said. "The primary reason that mortgage money for government-backed loans became scarce earlier this year was because lenders found other types of investments more attractive, due to their higher yield."

Pointing out that The Dime of Brooklyn remained active in the home mortgage market throughout the tight money period, "despite unrealistically low interest rates," Mr. Johnson declared:

Freely Determined

"Money is a commodity, the same as food or any manufactured product. The price of money —the rate of interest paid for its use—should be governed by the same forces which set the prices of other commodities.

"For the past several years, the price of everything except money has risen greatly because of the inflationary spiral of the nation's economy. After many months, the FHA recognized this fact and a few weeks ago allowed the interest rate on its insured mortgages to be increased from 5 to 5¼%. This action immediately brought many millions of dollars into the home mortgage market, as reflected in the increased number of FHA mortgage applications.

"Much of this activity resulted from the substantially lower down payments permitted by the FHA in its August ruling. However, unless mortgage lenders were willing to supply the financing for these homes, the liberalized down payment terms would have had no effect.

"The ¼ of 1% interest rise is negligible so far as a home-buyer is concerned. It amounts to only 16 cents per month per $1,000 of a 30-year mortgage; $1.60 per month in the case of a $10,000 loan.

"This very negligible increase in the cost of mortgage money compares with an over-all rise in construction costs in the nation of 142% since 1941; a rise of more than 3% in the past year alone. The costs of labor and material have risen every year since the end of World War II, but until only a few months ago, interest rates remained stationary at their pre-war levels."

Encourages Savings

"On the other hand, the quarter of a point makes a great deal of difference to lending institutions. It helps cover the increased cost of doing business, which cost has risen along with all other costs in our inflated economy. But more important is the fact this small rise in interest rate permits banks and other lenders to pay higher dividends or interest to the people who entrust their savings to the lenders for investment. In turn, this encourages savings and makes more money available for mortgages.

"The present trend toward higher interest rates, which is spreading throughout the world, should be regarded as a return to the historical policy of adequate rewards to savers."

Toronto Bond Traders' Elect New Board

TORONTO, Canada — A. R. Smith of The Bank of Montreal was elected Chairman of the Board of Governors of The Toronto Bond Traders' Association for the 1957-1958 season at the annual meeting of the association. Other members of the new board are: J. A. Lascelles of Dominion Securities Corporation Limited, Vice-Chairman; T. G. Mulligan of Nesbitt, Thomson and Company Limited, Secretary, and G. I. Ryan of Ross Knowles & Company Limited, Treasurer.

E. A. Williams, The Canadian Bank of Commerce; F. A. Blain, A. E. Ames & Company, Limited; D. L. Erwood, Harris & Partners Limited; L. F. Gower, Midland Securities Corporation Limited; F. A. Williams, James Richardson & Sons will serve as memebrs of the new board.

C. W. McBride, Midland Securities Corporation Limited and E. P. Jarvis, Wisener & Company, Limited are ex-officio members for the ensuing year.

Joins Blyth & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Gene C. Turner is now with Blyth & Co., Inc., Russ Building.

Joins Weston Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Patricia A. Mora has joined the staff of Daniel D. Weston & Co., Inc., 618 South Spring Street.

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Continued from page 3

The Economic Outlook

is to make the rolling adjustment take the place of the old-fashioned business cycle.

(3) I have heard you use the phrase "the new industry of discovery." Would you explain what you mean by that and its implication for the further development of our economy?

(A) By "the new industry of discovery" I mean that the making of innovations has become a way of making a living. A large enough body of knowledge has accumulated to make it feasible to put research on a profit-making basis. More than 200,000 engineers and scientists make their living today by making innovations. The industry of discovery is a $7 billion industry and, as I have pointed out, it will soon be a $9 billion industry.

The rise of the industry of discovery is significant in several respects. In the first place, it means that for some time to come change will play a bigger role in our lives than ever before, and that good adaptation to changes in markets and technology will become more and more a characteristic of successful enterprises. In the second place, the expansion of the industry of discovery also means that the economy is steadily becoming more competitive. No expenditures are more competitive than those made in search of innovations, because it is the purpose of innovations to give the maker of them a competitive advantage. In the third place, the expansion of the industry of discovery also means, as I have pointed out, that the economy is gaining enormously in its ability to increase the demand for goods. More specifically, it means that demand will have a tendency to outrun productive capacity because one of the principal effects of innovations is to make large quantities of capital goods obsolete.

(4) In your opinion, what is the business outlook for the remainder of 1957, and what are the forces that will cause the trends you foresee?

(A) The outlook for the remainder of 1957 depends in no small measure upon the policies pursued by the Federal Reserve system. The men in charge of this system have adopted a new conception of its responsibility and authority and one that changes in a substantial way both the Federal Reserve system itself and the American economy as a whole. The Federal Reserve authorities have put the objective of retarding a rise in the price level ahead of the objective of encouraging or even permitting an expansion in production.

On the assumption that there is no important change in Federal Reserve policy, a slow expansion of business in the fourth quarter may be expected. This general conclusion rests upon the following specific conclusions:

(a) Expenditures on plant and equipment will be virtually unchanged from present levels.

(b) Expenditures on housing will probably rise slowly.

(c) Government expenditures, which have been rising fairly rapidly during the last year, will continue to rise at least at a slow rate throughout the fourth quarter.

(d) Rising wages will increase personal incomes and thus personal consumption expenditures.

(e) Individuals will buy as fast as their incomes rise and perhaps faster, as they have been doing since April. For the last five months retail trade has reached new highs each month. This trend may be expected to continue.

(5) What is the business outlook for 1958? What do you expect to be the major stimulants and drags on the economy next year?

(A) A discussion of the outlook for 1958 must also be predicated upon assumptions with respect to monetary policy. I assume that in the early months of the year at least, the Federal Reserve will continue to overdo the policy of credit restraint and to retard the expansion of the economy.

It is convenient to consider separately the outlook for the first half of 1958 and the second half. In the first half of the year, total government expenditures (Federal, state and local) will change little from present levels. The Federal Government may succeed in cutting its outlays a bit, but not much, and there may be no cut at all. State and local expenditures will continue to rise slowly. Outlays on plant and equipment will drop by a small amount—at least, recent figures on construction contract awards and machine tool orders appear to indicate a drop.

But outlays on plant and equipment represent in large measure long-term plans and do not change quickly. In 1953-1954, for example, when there was a mild recession and when the new orders of manufacturers fell rather drastically, it took 18 months (from the third quarter of 1953 to the first quarter of 1955) for expenditures on plant and equipment to fall 10%. Housing appears to have ceased to decline, and there is good prospect of a slow increase. Little change in investment in inventories is in prospect for the first half of the year. There is no reason either for a rapid accumulation of inventories or for a rapid liquidation, such as occurred in the recession of 1954.

With government spending and gross private investment showing little change, the total volume of employment will depend upon what happens to personal incomes and to prices of consumer goods. Both will be raised by wage increases, but personal incomes (helped by growing transfer payments) will rise faster than the prices of consumer goods, so that some small net gain in employment and production will occur. But the expansion of the economy will continue to be far less than the normal rate.

The second half of 1958 is quite far away, so that prognostications about the behavior of the economy must be very tentative. In general, however, the outlook for the second half of 1958 is brighter than the outlook for the first half. Tax cuts, affecting mainly small income recipients, will probably take effect about July first—unless international developments require an increase in defense spending. Furthermore, by the middle of 1958, the failure of the economy to grow at a normal rate will have become a national scandal. With each month of subnormal growth the Federal Reserve will be more and more on the defensive and will find the excessive restraint of credit more and more difficult to justify. If the Federal Reserve does not permit a normal rate of growth, Congress will take steps to by-pass the Federal Reserve by putting Federal funds into housing agencies, increasing Federal funds available to small business, and by expanding public works for the deliberate purpose of counteracting Federal Reserve policy.

Sooner or later, the outlays on the interstate highway system will stimulate considerable investment spending by business. The construction of the interstate highway system is going so slowly, however, that important general effects on business investment are

Continued on page 33

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Continued from page 31

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
First Natl. Bank (Chicago)	22	8.00	314½	2.5
First Natl. Bank (Cinn.)	94	†1.71	36	4.8
First Natl. Bank in Dallas	81	1.45	33½	4.3
First Natl. Bank of Denver	*40	16.00	500	3.2
Fi[illegible]ational Bank of Fort Worth	24	†0.94	24	3.9
First Natl. Bank (Jersey City)	93	†2.21	50	4.4
First Natl. Bank (K. C.)	67	3.00	137	2.2
First Natl. Bank (Memphis)	62	1.40	36½	3.8
First Natl. Bank (Miami)	54	1.00	45	2.2
First Natl. Bank (Mobile)	*32	4.50	114	3.9
First Natl. Bank (Omaha)	20	2.50	70	3.6
First Natl. Bank of Portland	86	2.00	45	4.4
First Natl. Bank (St. Louis)	*38	v3.00	60	5.0
First Natl. Bank (Shreveport)	18	1.30	47	2.8
First Natl. Bank (Wichita)	37	6.00	280	2.1
First National Bank & Trust Co. (New Haven) — Merged Sept. 27, 1957 with New Haven Bank, N.B.A., to form the First New Haven National Bank, New Haven, Conn.	21	1.15	27¼	4.2
First Natl. Bk. T. (Okla. City)	30	1.00	33¾	3.0
First National Bank & Trust of Paterson, N. J.	92	†2.82	68½	4.1
First National Bank & Trust Co. (Scranton)	94	2.40	40½	5.9
First National Bank and Trust Co. (Tulsa)	18	1.30	32½	4.0
First National City Bank of New York	144	2.70	60¾	4.4
First National Exchange Bank of Roanoke	75	p2.50	64	3.9
First National Trust & Savings Bank of San Diego	24	1.25	39½	3.2
First New Haven National Bank (Conn.) — Created Sept. 27, 1957 through Consolidation of First National Bank and Trust Co. of New Haven, Conn., and the New Haven Bank, N.B.A.	--	--	--	--
First Pennsylvania Banking & Trust Co. (Phila.)	142	2.15	41	5.2
First Security Corp. — Bank holding company	22	1.50	40	3.8
First Western Bank & Trust Co. (San Francisco)	89	1.60	31¾	5.0
Fitchburg Gas & Elec. Light — Serves Massachusetts communities	98	3.00	50	6.0
Florida National Bank (Jacksonville)	21	1.00	61	1.6
Florida Public Utilities Co. — Operating public utility	14	0.65	12¼	5.3
Florida Telephone Corp. — Telephone company	16	x0.87	22½	3.9
Fluor Corp. Ltd. — Plants for oil, gas and chemical industries	14	1.20	22¼	5.4
Foote Bros. Gear & Mach. — Gears and transmission equip.	16	1.575	20½	7.7
Foote-Burt Co. — Drilling, reaming, tapping machines	28	1.35	26	5.2
Foote Mineral Co. — Chemicals and minerals	10	0.70	54	1.3
Forbes & Wallace, Inc., Class B, non-voting — Dept. store, Springfield, Mass.	21	1.70	25	6.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
p Stock split 2-for-1 on Sept. 6, 1957 and dividend on new stock to be $1.40 annually. Quotation on Oct. 1, 1957, was 32 bid, 33 asked.
x Stock now on 90 cent annual basis.
v On a calendar year basis.

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Fort Pitt Bridge Works Structural steel fabrication	15	1.00	27	3.7
Fort Wayne Corrugated Paper Co. Corrugated shipping containers	18	1.00	28½	3.5
Fort Wayne National Bank (Indiana)	22	†1.83	58	3.0
Ft. Worth National Bank	73	1.00	24¼	4.1
Fostoria Pressed Steel Corp. Industrial lighting units	17	2.30	22½	10.2
Fourth Natl. Bank of Wichita	*32	1.00	70	1.4
Fownes Brothers & Co. Gloves	10	0.15	4½	3.3
Fram Corp. Manufacturer of oil, air, fuel and water filters	15	1.00	14¼	7.0
Franco Wyoming Oil Co. Oil production, exploration and development	21	†1.25	46¼	2.7
Frank (Albert)-Guenther Law, Inc. Advertising agency	13	0.30	11	2.7
FRANKLIN LIFE INSURANCE CO. Life insurance **• See Company's advertisement on page 41.**	15	0.60	104	0.6
Franklin Process Co. Yarns dyers and manufacturers	43	2.00	28½	7.0
Frick Co. Refrigeration and air conditioning equipment	55	2.25	33	6.8
Friedman (Louis) Realty Co. New York City real estate	10	0.40	9½	4.2
Frontier Refining Co. Petroleum production, refining and marketing	11	†0.24	15	1.6
Fruit of the Loom, Inc. Cotton goods	11	0.75	12	6.3
Fuller Brush Co., Class A Brushes	35	2.00	77	2.6
Fuller Manufacturing Co. Manufacturing heavy duty transmissions, forgings and axles	19	†2.09	48	4.4
Fulton Market Cold Storage Refrigerated warehousing	27	1.00	15½	6.5
Fulton Natl. Bank (Atlanta)	44	q1.25	31½	4.0
Galveston-Houston Co. Holding company. Bus industry	18	1.00	6¼	16.0
Garlock Packing Co. Mechanical packings, gaskets, oil seals and mechanical seals	52	†1.95	34	5.7
Gary Natl. Bank (Indiana)	43	4.00	357	1.1
Gary Railways, Inc. Transportation holding company	14	0.60	7¼	8.3
Gas Service Co. Natural gas distributor serving Missouri, Kansas, Oklahoma and Nebraska	13	1.36	22⅞	5.9
General Controls Automatic controls for pressure and temperature	*18	1.00	20	5.0
General Crude Oil Co. Southern producer	19	1.00	35½	2.8
General Industries Co. Plastics. Also makes small electric motors	17	1.65	27¼	6.1
General Manifold & Ptg. Co. Commercial printing	12	0.50	7¼	6.9
General Metals Corp. Marine and other machinery	22	1.80	17½	10.3
General Reinsurance Corp. All casualty, bonding, fire and allied lines	23	1.95	49¾	3.9
Georgia Marble Co. Marble production	14	†1.21	38¼	3.1
Giddings & Lewis Mach. Tool Boring, milling and drilling machines	20	2.00	27¾	7.2
Gilbert & Bennett Manufacturing Co. Wire cloth	15	2.00	70	2.9
Girard Trust Corn Exchange Bank (Philadelphia)	120	†2.20	44¾	4.9
Gisholt Machine Co. Turret lathes and tools	22	1.00	18	5.6
Glatfelter (P. H.) Co. Pulp and paper manufacture	12	1.95	54½	3.6
Glen-Gery Shale Brick Corp. Brick manufacturing	11	0.45	5⅜	8.4
Glens Falls Insurance Co. Multiple line insurance underwriter	91	†1.00	30⅛	3.3
Glens Falls Portland Cement Portland and masonry cement	12	0.95	18¾	5.1
Globe & Republic Insurance Co. of America Fire and allied lines of insurance	23	1.00	18	5.6
Goderich Elevator & Transit Co., Ltd. Grain elevator	53	1.50	23½	6.4
Good Humor Corp. Well-known ice cream retailer	23	0.35	9	3.9
Goodall Rubbert Co. (class A) Hose, belting and packings	23	‡0.58⅓	9½	5.2
Govt. Employees Insurance Insurance—casualty and fire	10	†1.37	77	1.8
Grace Natl. Bank of New York	10	6.00	265	2.2
Grand Trunk Warehouse & Cold Storage Co. Detroit ice manufacturer	14	2.00	63	3.2
Graniteville Co. Cotton fabrics	16	1.90	27	7.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
q Plus 12% stock dividend on April 11, 1957.
‡ Adjusted rate allowing for 200% stock dividend. New stock now on 12½ cent quarterly basis.

Continued on page 36

Continued from page 32

The Economic Outlook

not likely before 1959 and perhaps not before 1960.

(6) Turning to the field of money and credit, what do you expect short-term (three to six months) trend of money rates to be?

(A) Since I expect the level of business to be high (though with expansion at less than the normal rate for a few months), I expect that credit will remain tight.

(7) Do you believe we are again in an extended era of high money rates?

(A) The answer depends on what is meant by "an extended era." I think that money rates are likely to remain rather high until about 1960 because I expect that business will be good and that the Federal Reserve, though it will eventually be forced to permit a faster growth of the economy, will pursue a more or less restrictive policy as it should.

In 1960 I expect to see the Democrats take over the government—in part because they will outpromise the Republicans in appealing for the farm vote and in appealing to small business. When the Democrats take over, economic policies will be revised. It is too early to say just what the Democrats will do, but they will not make credit tighter. They may not go far in making it easier, but they will be plagued by some of the careless things that prominent Democrats have recently been saying about interest rates. Hence, the Democrats will find it difficult not to relax credit somewhat. The great threat to stability will come after the Democrats take over. If the Democrats permit prices to rise by 25% or 30% between 1960 and 1964, the Republicans will win a whopping victory in 1964.

Sometimes I wonder whether the Democrats are properly aware of the danger that they will be saddled with the difficult and responsible job of running the country in 1960. They would be wise, I think, to learn a lesson from the experience of the Conservative Party in Canada. Last summer the Conservatives were quite confident that they were going to lose the election. Consequently, they made promises recklessly. Now the Conservatives have the difficult and embarrassing task of trying to keep their promises. Since the Democrats have a better than even chance of winning in 1960, they will be wise to keep their criticisms of Republican economic policy at a responsible level and to avoid making promises that they cannot fulfill.

(8) Do you expect the present high demand for funds to continue, or do you believe industry has, to some extent, anticipated future requirements?

(A) Present investment expenditures of business are, of course, designed to meet its requirements for future productive capacity. But it must be remembered that industry is creating new needs for capital expenditures as well as satisfying old needs. In fact, it is creating new requirements for capital at an increasing rate—due to the expansion of research and development. Consequently, I expect the demand for funds to be rather steadily high in most of the foreseeable future.

(9) In your opinion has the Federal Reserve "overstayed its market?" Has it violated the policy set down in the Employment Act of 1946" . . . to promote maximum employment, production, and purchasing power?"

(A) I have pointed out that the Federal Reserve System appears recently to have adopted a new conception of its responsibilities and authority—a conception that changes in a fundamental way both the Federal Reserve System itself and the American economy as a whole. The new conception of responsibility and authority adopted by the Federal Reserve means, as I have said, that Americans now live in an economy in which a small group of men determine what is the maximum rate of growth for industry and employment. The Federal Reserve is endeavoring to restrict the rate of growth to that rate which is compatible with a stable price level. Any faster rate of growth, according to the theories of the Federal Reserve authorities, is bound to produce galloping inflation and to result ultimately in collapse. Hence, the Federal Reserve would argue, I am sure, that the fastest rate of growth compatible with a stable price level is also the fastest rate of growth of which the economy is capable in the long-run.

This theory has not been verified by experience and rests upon an extremely shaky theoretical foundation. Certainly, if credit restraint is so drastically imposed that prices are kept stable only by checking the expansion of production, there is good reason to believe that the economy is failing to attain the maximum possible long-run rate of growth. The fact that the full utilization of the economy's resources may entail a slow rise in prices does not mean that operation of the economy at full capacity is incompatible with steady growth. Hence, one must conclude that, when the Federal Reserve retards the increase in production in order to check the rise in prices, it is violating the policy set down in the Employment Act of 1946.

One should bear in mind that the instrument of credit restraint has had only limited use in the past and that it is still imperfectly understood. There is good reason to believe that it has an essential role to play in controlling prices—particularly in preventing prices from outrunning costs. But since the instrument of credit restraint is only imperfectly understood and since experience with it is limited, it is not surprising that the results of credit restraint are a mixture of intended and unintended effects.

The theory behind the use of credit restraint is that a rise in prices can be halted by limiting the rise in spending. But when the growth of spending is retarded, both prices and production are affected. No one knows to what extent the impact of credit re-

Continued on page 34

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Continued from page 33

The Economic Outlook

straint is on production rather than on prices. Evidence of the last year or so indicates that the production effects of the policy of credit restraint have been greater than intended, and that price effects have been much less than intended. Today industrial production is well below the levels of nine months ago, and in July the unemployment rate among factory operatives was 6%, among craftsmen in the building trades, 5%, and among miners, 10%. The Federal Reserve, through experiment with the little understood policy of credit restraint and particularly through overdoing the policy, has got itself into a dilemma. On the one hand, if it continues credit restraint at the present tightness, it will prevent the economy from growing at a normal rate—a result that the country will not tolerate much longer. On the other hand, if the Reserve permits a normal rate of growth, the rise in prices may be mildly accelerated.

It is plain that the issues raised by Federal Reserve policy are both far-reaching and in need of study. The economists of the country owe the Federal Reserve a vote of thanks for the bold way in which it has experimented with the new and untried instrument of credit restraint. It has turned the United States into a fascinating economic laboratory. Its activities are bound to yield important new knowledge about the good and the bad effects of credit restraint, upon the degree to which the rise in production instead of the rise in prices is checked, upon who is affected by the scarcity of credit and how. Its activities also raise important questions, such as why credit restraint apparently has very limited effect upon the consumer price index and upon the terms of wage settlements, whether the consumer price index has an appreciable upward bias (through failure to take adequate account of changes in the quality of goods), whether it is a good enough index to serve as one of the important bases of credit policy or to be the basis for escalator clauses in labor contracts, and many others.

In order to capture the experience raised by the experience with credit restraint in the last two years and to explore the important questions raised by this policy, there is needed a thorough and impartial investigation by a non-governmental group of economists, bankers, labor leaders, and businessmen helped by a distinguished director of research and an expert staff. In order to keep the study free of political influences, it should be exclusively under private auspices. Sponsoring such an investigation by persons free from preconceptions offers an opportunity for important public service by one of the great foundations.

(10) Do you believe that Federal Reserve policies, together with productive capacity excesses in some lines, will result in at least temporary stabilization of commodity prices?

(A) There is no doubt that the Federal Reserve can stabilize prices if it is willing to create enough unemployment and to retard the increase in production sufficiently long and sufficiently drastically. But rising costs are not very responsive to credit restraint. Credit restraint began in a moderate way early in 1955, and was steadily stiffened throughout that year and throughout 1956. Nevertheless, while output per manhour outside of agriculture rose by less than half of one per cent between 1955 and 1956, hourly compensation of employees increased by nearly 5.1%—more than 10 times as fast as the rise in productivity. This happened in spite of credit restraint and at a time when credit restraint was quite successfully and substantially retarding the growth of the economy. I do not believe that prices can be stabilized with unemployment as low as 4% unless the public builds up a very insistent demand that employers take indefinitely long strikes in order to hold the increase in hourly compensation of employees down to the average long-run growth in output per manhour which seems to be about 2.5% per year.

This raises the interesting and crucial question of how much pressure the public is willing to put on employers to resist raising wages faster than the gain in productivity. Up to now, the public has put little pressure on employers to hold the line on wages. Only with much more effective bargaining by employers and much stronger resistance to wage demands by employers can the Federal Reserve stabilize prices while not pushing unemployment above rates that the public will tolerate and without retarding the growth of the economy to an intolerable extent.

(11) Do you accept the thesis that the United States has adopted gradual inflation as a "way of life?" This inflation differs from others in that it is motivated by wage increases, not goods shortages, currency and credit excesses, or deficit spending. Do you regard this type of inflation as less dangerous or any easier to control than the others?

(A) I don't think that it conveys the right impression to say that the United States "has adopted gradual inflation as a way of life." We haven't **"adopted"** anything. Conditions have grown up, without being definitely planned, that have created gradual inflation and that make gradual inflation difficult to prevent. Some of these conditions are virtually beyond control by public policy. An example is the rapidly growing capacity of industry to increase the demand for goods by technological research. We desire a high and growing rate of technological research and we would not tolerate efforts by government to discourage reseach. And yet most research tends to produce sellers' markets because it increases the demand for goods before it increases the capacity to produce goods. Other conditions that make for upward pressure on prices are politically popular. Full employment and strong trade unions are examples.

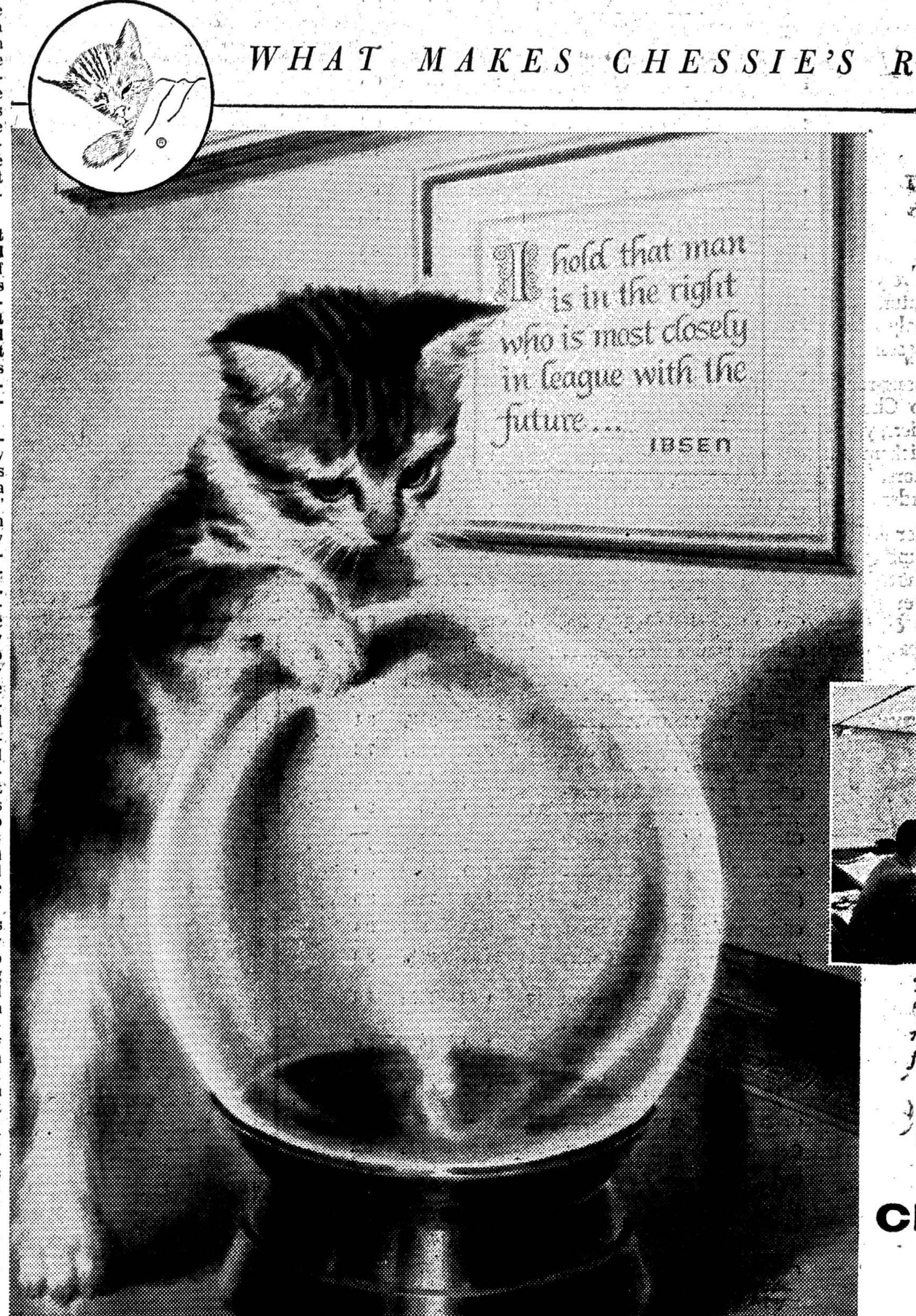
Upward pressure on prices is aggravated by the farm policy which causes the government to spend billions each year trying to keep up the price of foods and fibers, and by the tax system which leads the government to subsidize heavily wage concessions by employers. Hence, although the United States has not **"adopted"** gradual inflation as a way of life, the country is not prepared to remove the conditions that produce gradual inflation. I think that the country is ready to make a compromise. It is willing to do some things to retard inflation, but not others. It does not want inflation, but neither does it wish to pay the cost of preventing inflation. We could stop inflation by insisting very strongly that no employer except in unusual circumstances grant wage and fringe benefit increases of more than about 2.5% a year—about half the wage increases of the last year. But is the public sufficiently interested to impose on employers the very stern demand that they take long and expensive strikes rather than sell out the consumers

Certainly, the creeping type of inflation that we have and are likely to have is not particularly dangerous and is not particularly difficult to keep at a creeping rate. It does not feed upon itself. The difficulties of keeping it at a creeping rate are political, not economic. Keeping inflation at a creep is readily accomplished by keeping credit scarce so that prices do not rise faster than costs. It remains to be seen, however, how long it will be politically possible to keep credit scarce. If the Democrats take over the government in 1960, they will undoubtedly insist upon some increase in the availability of credit. If the increase in credit is small, inflation will remain at a creep; if it is large, creeping inflation will give way to galloping inflation. But if galloping inflation comes, as it may well come when the Democrats take over, it will be because the country refuses to tolerate indefinitely a policy of keeping credit scarce, not because the instrument of credit control cannot keep inflation at a creep. But the overdoing of credit restraint at the present time creates the danger that at some future date Congress will insist upon an undue relaxing of credit.

(12) This type of inflation (wage-rise motivated) unlike the others, saddles corporations with increased costs and enlarged financial requirements, and at the same time makes it increasingly difficult for them to avoid narrowing profit margins. Is it your belief that such conditions will act as a damper on capital expenditures, or will the need to offset rising wage costs through greater efficiency be a more than countervailing influence?

(A) The economy has been in a cost-price squeeze for some years. This fact is indicated by the failure of corporate profits as a whole to grow appreciably during the period 1948 to 1956. In 1948 corporate profits after taxes were $20.3 billion; in 1956 they were $21.0 billion. In the meantime, both corporate investment in plant and equipment and corporate sales have risen substantially. Hence, profits as a return on investment and as a percentage of sales were less in 1956 than eight years earlier. The purchasing power of the total profits of all corporations in 1956 was over 15% less than it was in 1948. In spite of the speculator success of some companies, few groups in the community have lost as much economic ground in the last eight years as the owners of American corporations.

But the cost-price squeeze has not as yet brought about a drop in the volume of capital expendi-



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tures. One reason for this is that a large part of the total of capital expenditures is made by a few highly prosperous industries, such as the petroleum industry and the electric and gas utilities. Furthermore, with technological advance as rapid as it is, new capital expenditures may pay a high rate of return even though the rate of return in the industry as a whole is low. For example, the railroad industry as a whole has not been particularly prosperous, but the railroads have had no choice but to spend huge amounts on diesel locomotives and various other technological improvements.

In short, the rate of capital expenditure will be determined by the marginal rate of return on new investments, not by the average return on all investments. Thus, the rate of capital expenditure will be largely determined by the rate at which technological research develops new products and new processes. If the output of our technological research laboratories continues to rise, capital expenditures will continue to increase.

(13) Farm commodity prices edged higher in the first half of this year, while commodities other than farm products and foods remained stationary. Does this suggest to you that the farmer has "turned the corner?" Would you comment on the longer range outlook for agriculture and for the farm commodity price support program?

(A) No, I do not think that the farmer has "turned the corner." The technological revolution that is rapidly increasing the productivity of agriculture is still going on, and will continue to go on. It will continue to create chronic excess capacity in agriculture unless people move out of agriculture much faster than they have been leaving it. The government needs to help them move out faster.

There is good reason to hope that the farm commodity price support program will soon be dropped—as it should have been years ago. Farm groups themselves are developing divisions, and the city people are gradually catching on to the fact that they are being heavily taxed in order to raise the cost of their living. No country in the world has ever attempted a valorization operation on the scale that the United States has attempted to support the prices of a few farm products in the last few years. No country has poured billions into an attempt to keep up the prices of the products of a small segment of the entire community, as we have done. When the Democrats take office in 1960, they will undoubtedly wish to be rid of the burden of buying large crop surpluses at high prices and will put an end to the business. But they will also desire to give large handouts to the farmers. I do not venture to predict what form the new handouts will take, but I am sure that they will be large.

(14) Are you reasonably cheerful about the economic outlook for the rest of the world? Would inflation - control steps by other countries tend to have a deflationary effect here?

(A) On the whole, the economic outlook for the rest of the world is good. There has never been a time in the history of the world when there has been such a broad and universal striving for increased production. Of course, the wastes involved are terrific for many of the development schemes are ill-planned and there is a great shortage of experienced administrative and technical personnel, but it is less wasteful to attempt to increase productive capacity than to be content with stagnation, as was much of the world in the period from 1900 until the Second World War. And, of course, one cannot avoid being impressed with the wide differences in the success of different countries in handling their economic affairs.

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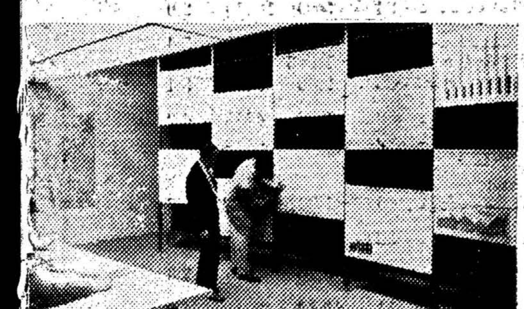

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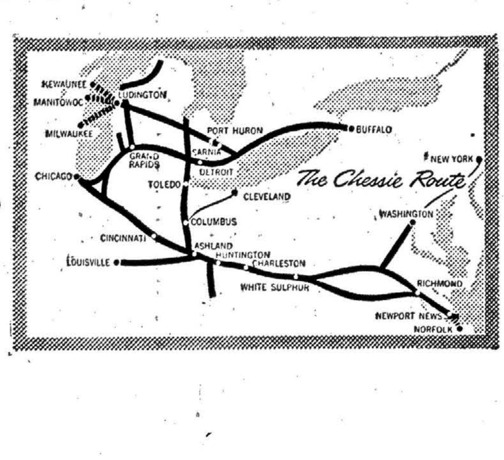

Southeastern Group Of IBA to Meet

BALTIMORE, Md.—The Southeastern Group, Investment Bankers Association of America will hold its 37th annual meeting Oct. 11-13, 1957, at The Greenbrier, White Sulphur Springs, W. Va.

A committee consisting of: W. Carroll Mead, Chairman, Mead Miller & Co., Baltimore, Md.; William W. Mackall, Mackall & Coe., Washington, D. C.; John C. Hagan, Jr., Mason-Hagan, Inc., Richmond, Va.; J. Murrey Atkins, R. S. Dickson & Co., Inc., Charlotte, N. C., has made the following nominations for officers and members of the Executive Committee: Chairman, W. Olin Nisbet, Jr., Interstate Securities Corp., Charlotte, N. C.; Vice-Chairman, Harvey B. Gram, Jr., Johnston, Lemon & Co., Washington, D. C.; Vice-Chairman, Joseph J. Muldowney, Scott & Stringfellow, Richmond, Va.; Secretary-Treasurer, F. Barton Harvey, Alex. Brown & Sons, Baltimore, Md.

In addition to the above officers, the committee has nominated for election to the Executive Committee: Charles R. Vance, Vance Securities Corp., Greensboro, N. C. (for three-year term); Charles H. Pinkerton, Baker, Watts & Co., Baltimore, Md. (for one-year term); Roderick D. Moore, Branch, Cabell & Co., Richmond, Va., Ex-Officio.; Mark L. Sullivan, Auchincloss, Parker & Redpath, Washington, D. C., Ex-Officio.

Robert H. Craft, Chase International Corporation, President of the Investment Bankers Association of America, will speak briefly at the business meeting on Saturday morning. United States Senator John Marshall Butler from Maryland will address the dinner meeting.

With Webber-Simpson

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Albert O. Wieghart is now with Webber-Simpson & Company, 208 South La Salle Street, members of the Midwest Stock Exchange. In the past he was with Link, Gorman, Peck & Co.

Appointed Directors

B. Gerald Cantor, Cantor, Fitzgerald & Co., Inc., Beverly Hills; Robert Westheimer, Westheimer & Co., Cincinnati, and Jack M. Ostrow have been appointed directors of the National Telefilm Associates, Inc.

With Stern, Frank, Meyer

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Carole E. Horowitz has joined the staff of Stern, Frank, Meyer & Fox, 325 West Eighth Street, members of the New York and Pacific Coast Stock Exchanges.

Joins J. Logan Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William R. Stow, Jr., is now with J. Logan & Co., 2115 Beverly Boulevard. Mr. Stow was previously with McCormick & Co. and Daniel D. Weston & Co.

Favors Amending Employment Act of 1946

If the next session of Congress would amend the Employment Act of 1946 so as to make stabilization of the cost of living the foremost Federal economic policy then, according to the Guaranty Trust, our Government's hand will be strengthened in cutting expenditures in order to lessen inflationary pressure.

Congress will have an opportunity in the next session to apply an indirect brake to the upward spending pattern of the Federal Government, according to Guaranty Trust Company of New York.

The bank sees this as one of the possible benefits in the pending bill to amend the Employment Act of 1946 by declaring stabilization of the cost of living to be a primary aim of Federal economic policy.

"Such a declaration of policy could have a most salutary effect in both Congressional and Executive circles where day-to-day action tends to waver between economy and extravagance," according to The Guaranty Survey, monthly economic and business review.

Adoption of the amendment, Guaranty said, would presumably have little or no effect upon monetary and credit policy, since the Federal Reserve is already doing its utmost to achieve currency stability.

The bank said that establishment of the objective as a policy might well strengthen the hand of foreign governments that are waging what now looks like a losing fight against inflationary pressure. Moreover, the bank observed, it might equally well tip the scales in favor of our own Federal Reserve at future times of strong political opposition.

"At the very least, the Survey commented, "it would discredit 'creeping' inflation, not only as a deliberate policy but also as an inherent tendency arising from extreme interpretations of the Employment Act itself."

Such a mandate, if enacted by Congress, would not infringe upon the Federal Reserve's independence, Guaranty noted, for these reasons:

"First, the mandate would not be directed to the Federal Reserve alone but to all agencies of the government. It would be a declaration of national policy, which the Federal Reserve, along with other agencies, would be bound to support by means to be determined by its own judgment.

"Second, currency stability is so integral a part of any sane governmental policy, so indispensable to general prosperity, welfare and progress, that it must be regarded as an implicit objective of any public agency dedicated to these aims. Even full employment, as a continuing goal, depends upon stable money."

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Continued from first page

An Open Letter to President Eisenhower

ers gets what it is worth in production, no more, no less.

(d) Left alone, the industrial system distributes workers into those lines where they are most productive and earn the highest possible wages.

(e) Real wages automatically rise with improved efficiency of equipment. Lower prices increase sales. With increased output there is larger demand for labor. Wages rise, while lower costs give higher real incomes to all the people, including all wage earners.

(f) If enterprise is free the industrial system creates the highest possible production, the largest possible total of wages, and the fairest distribution of wages.

These are the simple, indisputable facts about wages. When a small minority of workers are licensed by law to set their wages by force, the automatic process of economic betterment is crippled. The higher wages, not earned by productivity, cause an unnatural increase in costs and in prices. Sales are less than they would have been. Employment is less than it would have been. Suppliers to the affected industry lose sales and reduce employment. The net results of wages raised by force are (1) an unnatural rise in the cost of living for all the public, (2) reduced employment in the affected industry, and (3) increased competition for jobs outside the affected industry.

Labor Secretary's Role

There are two major means by which wages can be increased by force. One is monopoly, which can be established only by a union. A union forces a union shop. It then passes rules which prevent new workers from entering the union. The need for the product makes it possible to extort unnatural wages. Still further extortion is achieved by restrictions on output per worker, prevention of introduction of improved equipment, and shorter hours. For 50 years it has been the policy of the craft unions in the American Federation of Labor to establish a closed or union shop and then force fantastic wage rates by every conceivable device. These unions have been a major injury to American economic progress. The peculiarly indefensible union shop is warmly supported by your Secretary of Labor.

Not many unions have as yet been able to obtain a stranglehold through the union shop, and the major instrument of forced wage increases is the strike. A strike is a legal license granted by our Federal law to a union—a license to stop production, to bankrupt an enterprise, to destroy the savings of investors, to throw thousands of workers out of work, and to prevent the public from obtaining the necessities of life. It is a legal permit to paralyze transportation, to close public utilities, to stop production of defense materials in time of war, to prevent families from burying their dead. Strikes are almost universally accompanied by illegal picketing, illegal boycotts, violence, and crime. This violence is almost completely ignored by legislatures and seldom punished by the courts. Thus a strike is a legal permit to do injury to innocent persons and to make war on the public. There is no excuse, economic or moral, for a strike for higher wages.

Critiques Strike Arguments

For a half-century the American people have been bombarded with systematic, organized propaganda in defense of strikes. There are four arguments that are ceaselessly propagated. All four are false. Here they are:

(1) "There is an inherent right to strike," This is false. There is no such right. The right of every worker to quit his job, to "resign," is one of the basic liberties of mankind, a precious thing. The so-called right to strike is an entirely different thing. It is a legal right to inflict injury on an employer with impunity, while forcing him to hold the job for the employee. It is more than this. It is a legal license to force an employer to continue the striker's employment on whatever terms the strike has beaten out of him. This is a violation of one of the basic principles of justice, the principle that a contract obtained by force or duress is void. The right to strike is proclaimed in the face of the fact that there is no such right. The Federal law prohibits strikes by Federal employees, and state laws, as in New York, prohibit strikes by state employees.

(2) "Only by striking can workers obtain fair wages." This is sheer nonsense. Strikes can be maintained only by unions. About two-thirds of all wage earners are not in unions. And many unions find it impossible or unnecessary to strike. The wages of non-union workers have gone up steadily and rapidly, although their real wages would be much higher if there were no forced increases by unions. Strikes are necessary only to get unearned wages.

(3) "If employers make large profits it is proper for unions to take a part of the profits by force." This is not only false but evil. Industrial progress comes from improved productivity. This for a time produces large profits. The profits are ploughed back, increasing production, lowering prices, and raising wages. Profits are necessary to the life of the economy. They belong to the owners of enterprise, but these owners get only a small part, perhaps 2% on the average on their investment, after corporation and personal income taxes. Much the largest part of profits, about 70% in various taxes, goes to the government. The rest is re-invested, to replace old equipment and to expand production. It is by this process that the economy improves and real wages go up. The confiscation of profits by labor unions injures progress, reduces real wages, reduces the revenue of government, and destroys the marginal enterprise unable to pay forced wage increases.

(4) "Unions have greatly raised the wages of the American worker." They have done nothing of the sort. A few powerful unions have raised their wages to abnormal levels, at the expense of all other wage earners. Total wages would be higher today, and group rates would be fairer, if there had never been a strike

Continued on page 37

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Continued from page 33

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Great American Indemnity Company Diversified insurance	24	0.80	16	5.0
Great Amer. Ins. Co. (N.Y.) Diversified insurance	84	1.50	35¾	4.2
Great Lakes Engineering Works Shipbuilders and engineers	34	0.45	15¼	3.0
Great Southern Life Ins. Co. Life, accident and health	*32	1.60	75	2.1
Great West Life Assurance Co. (Winnipeg) Life, accident and health	57	3.50	302	1.2
Green (Daniel) Co. House slippers	*20	g4.50	80	5.6
Green Giant Co., Class B Vegetable canning & distribution	*33	1.00	23	4.3
Griess-Pfleger Tanning Co. Leather tanning	*16	0.75	12¾	5.9
Grinnell Corp. Sprinklers & plumbing equipment	22	4.00	134	3.0
Guarantee Co. of North America (Montreal) Fidelity and surety bonds	84	18.00	340	5.3
Guaranty Trust Co. (N. Y.)	65	†3.47	64⅜	5.4
Gulf Insurance Co. (Dallas) Fire and casualty insurance	23	†1.88	71	2.6
Gulf Life Insurance Co. (Jacksonville, Fla.) Life and accident	25	0.50	26½	1.80
Gustin-Bacon Mfg. Co. Glass fibre insulation products	19	0.70	35¾	2.0
Hagan Chemical and Controls, Inc. Water treatment chemicals	14	1.50	39¾	3.8
Hajoca Corp. Building supplies	15	1.50	38½	3.9
Halle Bros. Ohio merchandise distributors	42	0.91	27¼	3.3
Haloid Co. Photo papers, copying processes	28	0.80	57	1.4
Hamilton Mfg. Wood and steel products	18	†0.98	18¼	5.4
Hamilton National Bank (Chattanooga, Tenn.)	*52	10.00	315	3.2
Hamilton National Bank (Knoxville, Tenn.)	25	8.00	330	2.4
Hancock Oil Co., Class B Producer, refiner & marketer of petroleum products	28	0.60	49⅞	1.2
Hanes (P. H.) Knitting Co. Underwear and sportswear	24	2.00	38	5.3
Hanna (M. A.), Class B Coal, iron, steel	23	3.00	139	2.2
Hanover Bank (The) (N. Y.)	105	†1.92	41¾	5.4
Hanover Fire Insurance Co. Multiple line insurance	104	2.00	37	5.4
Hanson Van Winkle Electroplating and polishing equipment	*14	†0.19	7¾	2.5
Harris Tr. & Svgs. Bk. (Chic.)	49	12.00	445	2.7
Harrisburg Hotel Co. Penn-Harris Hotel	21	3.00	35	8.6
Hart-Carter Co. Grain handling equipment	17	1.00	11	9.1
Hartford Fire Insurance Diversified insurance	84	3.00	151½	2.0
Hartford Gas Co.	107	2.00	37¼	5.4
Hartford Natl .Bank & Trust	125	1.375	30¼	4.5
Hartford Steam Boiler Insp. Boiler and machinery insurance	86	2.50	80	3.1
Harvard Trust (Cambridge)	53	1.95	45½	4.3
Haverhill Gas Co. See under Merrimack-Essex Electric Co. Operates in New England	45	1.26	21½	5.7
Haverhill Gas Co. Sale of gas	45	1.23	21½	5.7
Haverty Furniture Cos. Holding company	22	1.25	21	6.0
Heidelberg Brewing Co. Beer and ale	12	0.20	2¾	7.3
Hercules Cement Corp. Cement manufacturing	11	†0.48	26½	1.8
Hershey Creamery Produces dairy products in Pennsylvania	25	2.50	38	6.6
Hettrick Manufacturing Co. Canvas products	20	1.00	16¼	6.2
Heywood-Wakefield Co. Maker of furniture	14	2.00	29½	6.8
Hibernia National Bank (New Orleans)	22	2.00	79	2.5
Higbee Co. Department store	13	†1.19	26	4.6
Hines (Edward) Lumber Co. Timber logging and processing	16	3.00	41	7.3
Holyoke Water Power Co. Electric and hydraulic power, industrial steam and real estate	87	1.20	27⅞	4.3
Home Dairy Co. Operation of food markets, cafeterias and bakeries	14	0.75	8¼	9.1
Home Insurance Co. (N. Y.) Property insurance	83	2.00	39¾	5.0
Home Telephone and Telegraph Company of Virginia Local and long distance phone service	37	0.51	3⅞	13.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
g Dividends include a $4.00 extra payment made on Dec. 15, 1956.

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Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Home Title Guaranty Co. (Brooklyn, N. Y.) — Title insurance	16	1.10	15½	7.1
Hook Drugs, Inc. — Indiana drug chain	22	0.60	10⅞	5.5
Hooven & Allison Co. — Ropes and twine	26	15.00	77	19.5
Hoover Co., Class B — Vacuum cleaners	14	2.10	28½	7.4
Hotel Barbizon, Inc. — New York City	23	18.00	490	3.7
Hotel Syracuse, Inc. — 606 rooms	13	2.65	50½	5.2
Housatonic Public Serv. Co. — Connecticut public utility company, gas and electric	15	1.40	21½	6.5
Houston Natural Gas Corp. — Southern Texas utility	21	1.50	36¾	4.1
Huntington National Bank of Columbus (Ohio)	45	1.65	48	3.4
Huston (Tom) Peanut Co. — Confection and food products	20	†1.95	48	4.1
Huyck (F. C.) & Sons — Manufacturers papermakers' felts, industrial fabrics, precision instruments and control devices	50	1.40	32	4.4
Idaho First Natl. Bk. (Boise)	23	†0.66	31	2.1
Imperial Paper & Color Corp. — Manufacturer of wallpaper and pigment colors	22	1.70	36½	4.7
Imperial Sugar Co. — Sugar refining	19	†2.30	34	6.8
Indiana Gas & Water Co., Inc. — Gas and water utility	11	1.00	18½	5.4
Indiana National Bank of Indianapolis	92	†2.40	62	3.9

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 51.

Indiana Telephone Corp. — Operating public utility	16	0.50	16	3.1
Indianapolis Water Co. — Operating water utility	45	0.75	18¼	4.1
Industrial Bank of Commerce (New York)	22	2.00	34	5.9
Industrial Mortgage & Trust Co. (Ontario) — Savings, trust and mortgages	*30	4.00	82	4.9
Industrial Natl. Bank (Prov.)	a165	†1.29	33⅜	3.9
Insley Manufacturing Corp. — Manufacture and sale of construction cranes, shovels, etc.	11	1.00	27½	3.6
Insurance Co. of the State of Pennsylvania — Diversified insurance	37	1.40	34	4.1
Inter-Mountain Telephone Company — Operating public utility	31	0.80	14¼	5.6
Inter-Ocean Reinsurance Co. — Reinsurance—multiple lines	34	1.50	36	4.2
International Holdings, Ltd. — Investment trust — hydro-electric interests	18	1.10	26¼	4.2
Interstate Co. — Restaurant chain	13	0.50	9¾	5.1
Investors Mortgage Company (Bridgeport) — Real estate, insurance and mortgages	*31	2.20	26	8.4
Iowa Public Service Co. — Electricity supplier	18	0.80	15⅛	5.3
Iowa Southern Utilities Co. — Electricity supplier	11	1.28	20¾	6.2
Irving Trust Co. (N. Y.)	51	1.70	31⅞	5.3
Ivey (J. B.) & Co. — Department store chain	26	1.00	18¼	5.5
Jacksonville Gas Corp. — Operating public utility	13	0.03	8	0.4

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

Continued on page 38

Continued from page 36

An Open Letter to President Eisenhower

for higher wages. Unions have lowered total wages.

Vulnerable Basic Industries

If all workers were in unions and all unions could force unearned increases, they would destroy the American economic system. But the power to beat unearned wages out of enterprise is confined to a few rich and powerful unions. In most of the union industries economic law prevents extortionate wage increases. Rising prices of the product would destroy the market. But in one area of industry there is almost no limit. This is in the basic industries on which the life of the country depends. The chief of these industries are construction, mining, transportation, printing, and the manufacture of steel, machinery, and automobiles. The nation cannot live without coal, oil, printing, railways, machinery, autos, homes, and buildings. Here the unions can extort endless wage increases. They consistently follow a policy of forcing wages just short of reduction of employment, waiting until the critical need for the product forces a new level of prices, then striking again. In coal mining it has been carried beyond the point of reduced employment. The enterprises in these basis industries cannot resist. The unions have determined to inflict such injury on any resisting enterprise and on the country that the enterprise must surrender. Westinghouse and Kohler and many others have learned the lesson. Steel and auto makers and publishers no longer resist. They simply surrender and pass the cost on to the public.

Provides Average Labor Income Data

A table will show you how far this exploitation by a minority of workers has progressed. A 40-hour week and a 50-week year is a moderate amount of work. In addition to wages paid for this work, workers in the basic industries receive large "fringe benefits," paid vacations, insurance, and others. Fringe benefi s v ry widely. They are larger for the high wage workers, but in the table they are set down as 15% of wages for all groups. The table shows what it costs for a year's work. The figures are mostly for 1956. They are higher now, especially in steel.

	Hourly Wage	Annual Cost	Benefits	Total Cost
Bricklayers	$3.62	$7,240	$1,086	$8,326
All Building	3.03	6,060	909	6,969
Coal Mining	2.98	5,960	894	6,854
Printing (newspaper)	2.82	5,640	846	6,486
Steel	2.66	5,320	798	6,116
Autos	2.52	5,040	756	5,796
All machinery	2.28	4,560	684	5,244
All Mfgrs.	2.05	4,100	615	4,715
Bank Employees	1.57	3,140	471	3,611
Retail Trade	1.55	3,100	465	3,565
Textiles	1.50	3,000	450	3,450
Laundries	1.07	2,140	321	2,461

These are averages. Thousands of those at the top get much more; millions of those at the bottom of the wage rates get much less. Union extortion reaches its peak in reported wages of $20,000 or more for some New York motion picture camera men.

It will be objected that some of these workers do not work 40 hours or 50 weeks. The Department of Labor reports that every group in the list except the top four has been working 40 hours a week or more. As the building trade unions and the printers unions obtained a stranglehold on industry they raised wages until employment was reduced. Thereupon they "spread the work," by shortening hours, restricting output, preventing new processes, or keeping out new members. The wages of coal miners were forced up until unemployment became chronic. But the figures show that even in these four groups hours have averaged 37 to 39 per week.

The wages in the top six groups were not earned by productivity. They were beaten out of enterprise by strikes and monopoly. Some of the workers in those top groups are highly skilled. Millions of them are common labor, without extensive training, education, or skill.

Links Inflation to Wages

The costs of strikes are enormous. They are malignant wounds in the economic body. Even so, they do much less injury than unearned wage increases. The Labor Department says that labor costs in production average 56% of all costs. A 10% wage increase adds immediately nearly 6% to total costs. This is only the beginning. In steel, for example, the increased price resulting from the increased cost permeates the entire economy, raising the price of every commodity. It even compounds itself in the increased cost of the supplies the steel enterprises buy. In the past 10 years the labor costs of the U. S. Steel Corporation have gone from 100 to 204. In the end unearned wage increases create a wage-price spiral of inflation.

In the table you find one of the major causes of slums in America, of the cruel rents the $2,500 a year worker pays in the cities. With a huge increase in population, with the government subsidizing houses, we have a slump in house building. Why? A 40% increase in the cost of a house in 10 years. The building trades unions are merciless exploiters of the American working man. The wages of printers have been a ma r factor in the death of hundreds of newspapers and magazines.

These great unions prey on one another. The steel worker gets his unearned increase. A little later his car costs more, his rent is higher, his Federal income tax is larger. It has become a contest

Continued on page 38

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Continued from page 37

An Open Letter to President Eisenhower

between unions to see which can bludgeon from its employers more than the other unions can get from theirs. Today the union boss who can get the most has the greatest prestige and power.

Reviews Recent Report

A recent report by the Department of Labor, issued at the order of Congress, has attracted national attention. It is a remarkable example of the use of language to conceal thought. The report undertakes to compare the increase in wages over the past nine years with the increase in the productivity of the worker. Congress was careful not to ask for a report on individual industries. The Department was careful not to give out such information. The figures are an average for all labor. A bricklayer making with benefits $8,000 a year and a handyman making $1,200 are lumped together. The report is worthless as a revelation of the gains of union labor. All the figures are index figures. The productivity of labor is arrived at by dividing the number of hours worked in a year into the total value of the product, in goods or services. Here are the figures:

	1947	1956
Output per man-hour	100	126
Wages per man-hour	100	161½

This statistical analysis is unsound. If a union should force a 50% increase in wages, causing a 25% increase in the price of the product, the "output per man-hour" would be increased 25%. Actually there would be no increase in productivity at all. The whole concept of labor's productivity is absurd. Production is a joint product, of labor, capital, land, and management. None the less, this unsound and evasive report has some value. It shows how wages have had a huge rise as compared with the returns in income to the producers. It reveals the causes of the wage-price spiral.

Questions Pres. Eisenhower

Since publication of the report there has been a wave of publicity about "wages in excess of productivity." In a public statement you said that "labor" should demand only "increases that conform roughly to the increase in productivity of the individual." Technically this statement is not acceptable. The most unhappy feature of the popular misunderstanding of this vital problem is the confusion of union labor with all labor. Union labor is not "labor." It is a minority of labor, a minority which preys on the majority without mercy. You plead for a wage increase based on "productivity," when productivity cannot be measured or identified.

Actually your statement was a plea to the union bosses to exercise some measure of decent moderation in their relentless war for higher wages. As such it was a splendid proposal. But the vital, all-important truth of this matter is that no wages should be set by force. They should be set by free competition of the worker, as they are set now for all labor except the minority in the powerful unions, already receiving the highest wages in all history. Wages set freely automatically rise with the increasing productivity of capital. In America wages so set would steadily go up, and they would go up fairly. There is no economic or social objection to a rise of wages earned in open competition, however high. The hope of the future is a rise of wages so great that grinding poverty will be eliminated. Wages set by force are a cause of poverty.

This discussion can be summed up. In practice a minority of workers are given by law a license to prey on the public. The result is a forced wage increase for a few, not earned by productivity. Such wages reduce total wages, lower the standard of living, and create an unending inflation. The chief victims are the helpless groups in our society, the non-union majority of wage-earners, the old, the retired pensioners, the white collar classes, and government employes. There is no excuse for this situation. It is morally wrong.

We have Wage Control

You have repeatedly said that you are opposed to governmental setting of wages. In this you are right. But you have not recognized publicly that we have now an immeasurably worse control of wages, control by a small group of men, bent on wage increases without limit, determined in the end to manage all enterprise and control the government of the United States.

There will be no discussion here of the character of the politicians who have encouraged this grievous situation. I will merely say that at this time there is no hope in Congress of the major reform that is so desperately needed. The one hope is in you. To this point you have merely begged. There is something shocking in the spectacle of the most powerful man on earth pleading with a small group of irresponsible men to have mercy on the nation's economy. But in your statements you have intimated that governmental control of wages and prices may be necessary. Such control is not necessary. It is undesirable.

Offers Recommendation

No thorough-going reform is politically possible now. But you as President can take a first step. Here is my recommendation: Ask Congress to amend the Taft-Hartley Act to prohibit any strike for higher wages for three years. Nothing more, just that. There is not one moral or economic objection to this plan. Wages would continue to rise, chiefly among the lower-wage workers. Employers, free to base wages on the value of the workers, would voluntarily grant increases. Industry would make a great surge forward. The inflationary tide would not be halted, but it would be slowed.

Your advisers will oppose this simple plan. They will not offer economic objections. There are none. They will tell you that it will cost the Republican Party votes. Properly presented to the American people, the proposal will win votes. I do not believe that the majority of the American people can be fooled indefinitely by false propaganda. A recent census showed that about one-third of *union members* oppose the union shop, and two-thirds of the total population, 18 states prohibit it. There are some 60 million voters who are victims of the wage-price spiral of inflation. There are probably 20 million low-wage workers who hate the overlords of labor who exploit industry, and five million farmers, and five million pensioners. But this matter is bigger than politics. If strikes for higher wages are not suspended at this time, we are going to have a tragic depression.

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Dean Emeritus,
School of Business
Administration,
Lehigh University.

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Hogan & Rowan With Foster & Marshall

MEDFORD, Ore. — Foster & Marshall have opened a branch office at 38 South Central Avenue with Melvin N. Hogan and James P. Rowan as co-managers. Both were formerly associated as principals of Hogan, Rowan & Co.

Form Whitmore, Bruce

WASHINGTON, D. C. — Whitmore, Bruce and Co. has been formed with offices at 1739 Connecticut Avenue to engage in a securities business. D. A. Donn Bruce is a principal of the firm.

Continued from page 37

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Jahn & Ollier Engraving Co. Photo-engraving	23	0.25	3¼	7.7
Jamaica Water Supply Co. Long Island water supplier	39	2.00	33½	6.0
James Manufacturing Co. Manufacturers of farm equipment	21	1.20	20¾	5.8
Jantzen, Inc. Sportswear manufacturing	17	†0.76	25	3.0
Jefferson Standard Life Ins. Life insurance	45	†1.05	89	1.2
Jenkins Bros., Inc. Valves	22	2.00	44	4.5
Jersey Insur. Co. of N. Y. Multiple line insurance	a24	1.47	34	4.3
Jervis Corp. Refrigerators and stove hardware	18	0.60	8⅛	7.4
Johansen Bros. Shoe Co. Shoes for women	18	0.20	4	5.0
Johnson Service Co. Temperature and air conditioning controls	*22	2.00	65½	3.1
Jones & Lamson Machine Co. Lathes, grinders, comparators, threading dies	21	†1.875	26½	7.1
Joseph & Feiss Co. Manufacturers men's clothing	18	1.00	10	10.0
Joslyn Manufacturing & Supply Co. Electrical and communication pole line equipment	22	2.00	46½	4.3
Julian & Kokenge Co. Women's shoes	29	1.25	16½	7.6
Kable Printing Co. Magazine printer	17	1.00	23	4.3
Kahler Corp. Hotels, restaurant and laundry operator	41	1.60	31½	5.1
Kalamazoo Veg. Parchm't Co. Pulp and paper, specializing in food protection papers	31	1.80	35½	5.1
Kanawha Valley Bank (Charleston, W. Va.)	*72	8.00	175	4.6
Kansas City Fire & Marine Insurance Co. Multiple-line insurance	21	1.875	30½	6.1
Kansas City Life Ins. Co. Non-participating life	*33	7.00	1310	0.5
Kansas City Title Insurance Company Title insurance and abstracts of title	17	2.50	50	5.0
Kansas-Neb. Natural Gas Co. Natural gas production, transmission and distribution	20	1.70	35½	4.8
Kearney (James R.) Corp. Utility equipment	20	1.00	15½	6.5
Kearney & Trecker Corp. Milling machines	15	0.60	9½	6.3
Kellogg Co. (Battle Creek) Leader in dry cereals	34	1.60	34½	4.6
Kendall Company (The) Surgical dressings, elastic goods and textile specialties	17	2.00	36½	5.5
Kendall Refining Co. Producing, refining and marketing of petroleum and its products	55	1.80	28	6.4
Kennametal Inc. Hard carbide compositions, cutting tools and specialties	14	1.00	39¼	2.5
Kentucky Central Life & Accident Insurance Co. Non-participating life	18	5.00	108	4.6
Kentucky Stone Co. Crushed stone	14	1.75	35	5.0
Kentucky Utilities Co. Electricity supplier	18	1.28	25⅛	5.1
Kerite (The) Company Manufacture insulated wire and cable	25	2.25	37¼	6.0

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

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Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Kings County Trust Company, Brooklyn, N. Y.	67	†3.73	97	3.8
Kingsburg Cotton Oil Co. Cotton seed products	10	0.05	1⅞	2.7
Kingsport Press, Inc. Printing and book binding	13	†0.77	18	4.3
Kinney Coastal Oil Crude oil produced	15	0.17	2¼	7.6
Kirsch Company Manufacture venetian blinds, drapery hardware	10	1.00	16⅝	6.0
Kittanning Telephone Co. Operating public utility	38	†1.225	47	2.6
Knudsen Creamery Wholesale dairy products, Southern California	17	†0.97	24¾	3.9
Koehring Co. Earth moving and construction equipment	16	†1.58	22⅞	6.9
Kuhlman Electric Co. Transformers and metal smelting furnaces	11	†0.62	23¼	2.7
Kuner-Empson Co. Canned vegetables, bottled pickles	11	0.30	3¾	8.0
Kuppenheimer Co. Makes and wholesales men's clothing	16	1.00	15¼	6.6
Laclede Steel Co. Basic steel manufacturer	45	8.00	141	5.7
Lake Superior Dist. Pwr. Co. Public utility (electric, gas and water)	20	1.20	24	5.0
Lake Superior & Ishpeming Railroad Co. Operating railroad	33	1.75	36¼	4.8
Lake View Trust & Savings Bank (Chicago)	*37	10.00	360	2.8
Lamston (M. H.) Inc. Variety store chain	13	†0.46	8¾	5.3
Landers, Frary & Clark Household electrical products, etc.	70	1.15	17½	6.6
Lang & Co. Wholesale grocer	12	0.30	h8¾	3.4
Latrobe Steel High speed, tool and die, stainless steels	19	†1.14	28	4.1
Lau Blower Co. Manufacture of air moving equip.	22	†0.26	5⅝	4.6
Lawrence Electric Co. See under Merrimack-Essex Electric Co. Operating public utility	107	1.50	27½	5.5
Lee (H. D.) Co. Mfr. of work, utility and play clothing	26	3.50	58½	6.0
Leece-Neville Co. Starting-light equipment for autos and aircraft	34	†0.49	8⅝	5.7
Liberty Bk. of Buffalo (N.Y.)	12	1.35	36	3.8
Liberty Life Insurance Co. Non-participating	15	†0.67	99	0.7
Liberty Loan Corp. Small loan business	22	1.50	34½	4.3
Liberty Natl. Bank & Trust Co. of Louisville	16	2.40	64	3.8
Liberty Natl. Bank & Trust Co. of Oklahoma City	22	0.80	24	3.3
Life & Casualty Ins. of Tenn. Life, accident and health	21	†0.55	19⅞	2.8
Life Insurance Co. of Missouri Life, accident & health insurance	11	0.60	31	1.9
Lincoln Natl. Bank & Trust Co. of Fort Wayne	16	†2.50	71	3.5
Lincoln Natl. Bank & Trust Co. of Syracuse	23	†1.16	37	3.1
Lincoln Natl. Life Ins. Co. Life insurance	38	1.75	221½	0.8
Lincoln Rochester Trust Co. (Rochester)	21	2.30	45	5.1
Lincoln Square Building Co. Springfield, Ill. real estate	23	12.00	140	8.6
Lincoln Stores, Inc. Dept. store chain in New England	27	0.90	12	7.5
Lock Joint Pipe Co. Water and sewer pipe	21	70.00	980	7.1
Loft Candy Co. Leader in the candy field	14	0.20	3⅞	5.2
Lone Star Brewing Co. Lager beer	12	†1.78	34¼	5.2
Longhorn Portland Cement Manufacturer of Portland Cement	20	1.75	32½	5.4
Lorain Telephone Co. Operating public utility	a61	1.40	33	4.2
Los Angeles Transit Lines Traction company	12	1.40	18	7.8
Louisiana State Rice Milling Co. Rice and by-products	16	0.60	19¼	3.1
Louisville Title Mortgage Co. Title insurance on real estate	22	1.15	27	4.3
Louisville Trust Co. (Ky.)	14	†1.20	30	4.0
Lowell Bleachery, Inc. Bleaches and dry cotton goods.	25	0.75	19¾	3.8
Lowell Electric Light Co. See under Merrimack-Essex Electric Co. Operating public utility in Mass.	*32	3.20	55	5.8
Lucky Stores, Inc. Retail food chain in northern California	12	0.63	13⅛	4.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
h A stock dividend of one share of Lang Construction Equipment Co. for each share held was paid on June 15, 1957.
a Including predecessors.

Continued on page 40

Continued from first page

As We See It

ing officials are at present under criminal indictments.

And here is Mr. Hoffa, who was actively associated with the management of this union through all the days when such things were happening, now elected President of the union, in what must be regarded as open defiance of the AFL-CIO and, for that matter, of the Congressional investigators in Washington! It would be naive indeed to suppose that such changes in organization as were made at the recent convention of the union offer any assurance of more acceptable conduct in the future. It would likewise be naive to suppose that all the unworthy deeds of the union leaders or the un-American practices of the union or its officials have come to light. It is evident that the so-called labor movement is unable — assuming a willingness to do so — really to clean house. There have, of course, been other instances of defiance of the leaders of parent unions and a deliberate choice of further degradation as witness particularly the dock workers organization.

A Disgrace

This situation is clearly a disgrace not only to the labor organizations of the country but to the country itself. When to such acts as those which have been pinpointed in recent hearings in Washington and elsewhere are added the lawlessness of virtually all unions once a strike is under way; the carefully planned limitation of the output of union members; and the bludgeoning tactics of the large unions when negotiations are in process—we thus have a state of affairs that this country can not afford to tolerate. Yet what can be done to curb the Becks, the Hoffas and all the others, or to bring the conduct of the unions in general more in keeping with the welfare of the country? The question is a fair one, and deserves a most careful reply.

Suggestions have been made from time to time of various types of governmental regulation or control. Certain special privileges have been withdrawn—or so union leaders would have us believe — by Congressional enactment after Franklin Roosevelt passed from the scene. But all this combined bears about the same relation to what is needed as a five finger exercise bears to a Beethoven concerto. We have enough regulation now in all conscience, and more of it applied to labor unions would not do much to right this situation, and could hardly fail to do a great deal of harm. All the provisions of the Taft-Hartly Act combined hardly make a dent in the special privileges accorded to labor by the politicians who are eager for the votes of the members of the giant unions across the country.

The wage earner and his unions, as is the case also with agriculture, have somehow acquired a special status in the minds of the great rank and file of the people of this country, and until some way is found to disillusion the masses on this score not very much progress is likely to be made. Let us see where this mass feeling about wage earners has led us. Suppose all the manufacturers of, say, steel were permitted to combine and did combine or enter into a contract governing the prices at which they would sell their products to the consumers of the country. Suppose further that the users of steel, say the large automobile manufacturers and other similar consumers, were at the same time forbidden to enter into any understanding among themselves about what they would pay for the steel they need.

Unthinkable, of Course

Of course, such a situation is unthinkable and so appears to virtually every one in the land. The makers of steel would have only the competition of producers of substitutes for steel — which could hardly amount to a great deal, and perhaps steel manufacturers would know of means permitted by a friendly government to see to it that competition even from this quarter could not function. A state of affairs far less extreme than this brought forth strict antitrust laws designed to keep competition alive in industry and trade generally. Yet a situation very much like this suppositious position of the steel industry exists as respect labor —and is not only condoned but actively approved by the politicians and a great many of the people.

This type of special privilege before the law and this type of public thought about the wage earner is what makes possible situations such as that now prevailing in the teamsters union, and some of the other unions, as well as the general practices of the unions which lay so heavy a burden upon industry and trade. The remedy, and the only remedy, likely to be effective for any length of time and over significant areas, is an awakening of the people to the situation which they and their politicans have created. It is not enough that the public be shocked with such behavior as has been revealed in recent investigations. It is not enough to condemn union tactics which drive the prices of consumer products up and up. Correction of the underlying causes of the situation is essential.

These are the lessons which the recent investigations and the defiance of the teamsters should teach us. Yet there is little evidence that the powers that be in Washington have come to any such conclusion. Evidently the matter can not safely be left to the politicians. The people themselves must take control.

John C. Owens Opens Own Investment Office

(Special to The Financial Chronicle)

DENVER, Colo.—Owens & Co. has been formed with offices in the Guaranty Bank Building to engage in a securities business. Officers are John C. Owens, President; Carl H. Seeliger, Vice-President; and Norma R. Johnson, Secretary-Treasurer. Mr. Owens was formerly with Peters, Writer & Christensen, Inc. in the trading department.

Hoppin Bros. Partner

Hoppin Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will admit Joseph J. Miller to limited partnership Nov. 1.

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Continued from page 6

Business and the Money Market

holds, had some debt outstanding as of mid-1956.

Business Borrowing

The second major source of increased demand for credit is the business community. Outlays for new plant and equipment were $26.8 billion in 1954, $28.7 billion in 1955, $35.1 billion in 1956 and at an estimated annual rate of $37* billion in the second quarter of 1957, which represents an increase of over $10 billion, or 37%, in just 2½ years.

Our economy depends upon this business investment to provide the increased capacity and greater efficiency in productive facilities necessary for a rising standard of living for a growing population. These business capital expenditures have been financed in part by heavy borrowing. Total corporate debt has increased from $210 billion at the end of 1954 to $247 billion at the end of 1956.

State-Local Borrowing

The third major source of increased demand for credit is the borrowing by state and local governments — the Federal debt has remained rather steady for several years. With a growing population, state and local governments have a persistent demand for credit to finance the schools, roads and other public improvements needed by the American people. It is likely that this trend will continue as the demands of an expanding population continue to increase.

Most public improvements are financed by borrowing, and many, such as schools and roads, go forward despite the increased cost of the borrowing now. The gross debt of state and local governments in the two-year period ending Dec. 31, 1956, increased $10 billion. This 27% increase during the period of "tight" money has, in turn, further contributed to the increased demand for credit on the capital markets.

As a result of the unprecedented demand for funds by the three major segments of the economy—consumers, business and governments — loans of all commercial banks in the two and one-half year period since the end of 1954 have increased by approximately $21 billion, or about 30%, and the money market has been called upon to supply enormous amounts of both short and long-term funds.

To help meet the demand for credit, the nation's major banks reduced their holdings of government securities almost 50% in the past 2½ years so they could use these funds to accommodate the normal borrowing needs of their customers.

Credit Restraint Policy

The supply of credit, however, is limited. As more and more individuals, businesses, and governments have sought funds, the demand has tended to exceed the supply, and interest rates have risen. Money has been tight through much of this two and one-half year period as both the banking system and non-bank lenders, such as insurance companies, have found it increasingly difficult to furnish all the credit requested by their customers.

During this period, the policy of the Federal Reserve System has properly been one of restraint. With rising prices, high employment and the aggregate of business, especially in terms of national output and income, at peak levels, the Board of Governors of the Federal Reserve System has wisely limited credit expansion. This policy has been generally constructive. If we are to have a continued and orderly economic growth, the persistent erosion of the purchasing power of the dollar must be arrested. It should be emphasized that Federal Reserve policy has been directed toward avoiding excessive credit expansion. Simply to make more dollars available to bid for labor when employment is high, to construct plants in industries that may have excess capacity, to finance acquisitions and mergers of companies that should have equity financing is to run the risk of unwise credit expansion.

More Than Monetary Policy

In my judgment, the Federal Reserve policy has been soundly conceived and exceedingly well executed. However, monetary policy is but one factor influencing the level of prices. To charge the monetary authorities with the sole responsibility for price stability is to ignore other factors in the economy which play extremely important roles in the determination of prices. To combat inflation requires responsible behavior on the part of business, labor and government. The effectiveness and efficiency of monetary policy, even though perfectly executed, can be seriously dulled without the cooperation of these important segments of our economy.

We need not only a policy of credit restraint, but also one of matching wage increases with comparable increases in productivity. Otherwise, labor runs the great risk of ultimately losing far more than it gains. If wages and other costs of industry continue to climb without an offsetting gain in efficiency, the outcome is cost inflation. Costs and prices cannot be long maintained in a free enterprise economy if they do not meet with consumer approval. The consumer's judgment of prices is what finally makes or breaks markets. A cost inflation may well prove as disastrous as a credit inflation.

Visits Abroad

In visits which I have had with a number of bankers in Europe I have been impressed with how similar their problems are to ours. Wages and prices have risen, accompanying an extraordinary expansion of productive capacity which has taken place in the past seven years. Their primary problem is the threat of inflation and its effect on the level of their exports and foreign exchange balances. Bank credit has expanded. Interest rates and the discount rates of the central banks are higher than they were in 1954.

In England, for example, there are serious economic problems of costs, productivity, and incomes. In 1956, wages rose 7%, and they have risen another 5% so far this year. Meanwhile, worker productivity has remained virtually unchanged. The government, keenly aware of the difficulties confronting the nation, has reduced expenditures, designed programs to encourage savings, raised the bank rate, and taken other corrective actions.

France, despite an unprecedented domestic prosperity, is in the midst of a grave international financial crisis. The causes of the crisis are familiar enough—large government deficit spending, a rising price level, and wage increases exceeding productivity gains. These factors, in the aggregate, have depreciated the true value of the franc. The government of France struggles to solve these problems. The recent cuts in the French budget and the partial devaluation of the franc are steps in the right direction.

The situation in Germany, though differing greatly from that in France and England, is not unlike ours. Germany has enjoyed a great productive and trade boom,

Continued on page 42

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Continued from page 39

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Ludlow Mfg. & Sales Jute and burlap	85	2.60	36½	7.1
Ludlow Typograph Co. Typesetting equipment	12	3.00	51	5.9
Luminator-Harrison, Inc. Automotive & electrical products	11	0.70	10¼	6.8
Lux Clock Mfg. Co. Manufacturer of clocks and timing mechanisms; electric & spring wound	35	0.80	10½	7.6
Lynchburg Foundry Co. Cast iron products	18	1.00	19	5.3
Lynchburg Gas Co. Natural gas supplier	14	1.00	23	4.3
Lyon Metal Products, Inc. Fabricated steel products	20	3.00	49	6.1
MacGregor Sport Products, Inc. Golf and athletic equipment	25	1.00	21½	4.7
Macmillan Co. Well-known book publisher	59	1.75	31	5.6
Macwhyte Co. Wire, rope, cables	13	1.70	25¼	6.7
Mading Drug Stores Co. Houston drug chain	11	0.60	12¾	4.7
Madison Gas & Electric Co. Wisconsin utility	48	1.80	43¼	4.2
Magor Car Corp. Railroad rolling stock	21	2.00	25	8.0
Mahon (R. C.) Co. Fabricated structural steel and sheet metal products	21	1.20	24	5.0
Manufacturers Life Insur. Co. Life insurance	*48	2.20	244	0.9
Mfrs. Natl Bank (Detroit)	20	1.75	39¼	4.5
Mfrs. & Traders Tr. (Buf.)	71	†0.99	21⅞	4.5
Manufacturers Trust (N. Y.)	48	1.875	40	4.7
Maremont Automotive Products, Inc. Auto parts	18	0.90	14¼	6.3
Marine Natl. Exchange Bank of Milwaukee	96	†2.20	52	4.2
Market Basket (Los Ang.) Retail market chain	18	†0.69	16¾	4.1
Marlin-Rockwell Corp. Mfr. ball and roller bearings	33	1.15	18½	6.2
Marshall & Ilsley Bk. (Milw.)	19	1.75	72	2.4
Marshall-Wells Co. Manufactures and wholesales hardware and kindred lines	*12	11.00	375	2.9
Martell Mills Corp. Cotton products	12	3.30	50	6.6
Maryland Credit Finance Corp. Auto financing	10	1.75	26	6.7
Maryland Shipbuilding & Drydock Co. Ship construction, conversion, repairs and manufacturer of industrial products	23	†1.21	37½	3.2
Maryland Trust Co. (Balti.)	22	2.00	57½	3.5
Massachusetts Bonding & Insurance Co. Diversified insurance	21	1.60	32	5.0
Massachusetts Protective Association, Inc. Accident and health insurance	24	k3.00	79	3.8
Massachusetts Real Estate Co. Real estate	22	4.35	112	3.88
Mastic Asphalt Corp. Imprinted brick and insulating siding	19	0.40	5½	7.3
Mathews Conveyor Co. Conveying equipment	11	1.00	34	2.9
Matthiessen & Hegeler Zinc Co. Producer of zinc, zinc products, sulphuric acid and ammonium sulphate	12	1.40	30½	4.6

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
k Equivalent to $1.50 on basis of 2-for-1 stock split on June 28, 1957.

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Mayer (Oscar) & Co., Inc. Meat processing	21	†0.74	43	1.7
McCandless Corp. Rubber goods	11	0.20	4	5.0
McCloud River Lumber Co. Western softwood lumber	22	4.25	65	6.5
McCormick & Co. Inc. Manufacturers & distributors of spices, extracts, tea, etc.	33	1.40	24½	5.7
Meadville Telephone Co. Operating public utility	33	1.50	24½	6.1
Mechanical Handling Systems, Inc. Design, manufacture and installation of conveyors	21	0.45	12¾	3.5
Medford Corp. Lumber manufacturer	17	7.00	170	4.1
Mellon Natl. Bank & Trust	52	4.00	114	3.5
Melrose Hotel Co. Dallas residential hotel	23	1.50	40	3.8
Mercantile National Bank of Chicago	21	1.35	47	2.9
Mercantile Natl. Bk. (Dallas)	22	1.20	27¾	4.3
Mercantile-Safe Deposit and Trust Co. (Baltimore)	90	4.00	86	4.7
Mercantile Trust (St. Louis)	57	2.40	56½	4.2
Merchandise National Bank of Chicago	23	†0.98	29½	3.3
Merchants Acceptance Corp. Class A Small loans and general financing	20	1.75	26¼	6.7
Merchants Fire Assur. Corp.	45	2.00	55	3.6
Merchants Fire Insurance Co. (Colorado) Fire and allied lines of insurance	47	0.30	17	1.8
Merchants and Manufacturers Insurance Co. of N. Y. Fire and allied lines of insurance	21	0.65	11½	5.7
Merchants National Bank of Boston	126	1.80	41	4.4
Merchants National Bank in Chicago	18	1.50	43½	3.4
Merchants National Bank of Mobile	55	3.25	81	4.0
Merchants National Bank & Trust Co. (Indianapolis)	*32	0.80	43¼	1.8
Merchants National Bank & Trust Co. of Syracuse	17	1.52	39	3.9
Meredith Publishing Co. Publishing	28	1.80	34½	5.2
Merrimack-Essex Co. (Mass.) A new company formed in August 1957 as a result of a merger of five electric subsidiaries of the New England Electric System. Stockholders of the five companies will receive new shares as follows: Amesbury Electric Light Co., 1⅝ shares for each share held. Essex County Electric Co., share for share. Haverhill Electric Co., 1⅞ shares for each share held. Lawrence Electric Co., 1¼ shares for each share held. Lowell Electric Light Corp., 2½ shares for each share held.	--	--	--	--
Messenger Corp. Calendars (religious and commercial) and greeting cards	*22	0.50	9	5.6
Metal Forming Corp. Mouldings and tubing	11	0.60	8½	7.1
Metals & Controls Corp. Strip metal	18	†1.05	52	2.0
Metropolitan Storage Warehouse Co. General warehouse	26	2.25	29	7.8
Meyercord Co. Decalcomanias	16	0.50	6⅝	7.5
Michigan Gas & Electric Co. Operating public utility	10	†1.58	46½	3.4
Mich. Natl. Bank (Lansing)	16	1.00	54	1.9
Michigan Seamless Tube Co. Sheet tubing	18	†1.125	31	3.6
Middle States Telephone Co. of Illinois Operating public utility	18	0.90	18¼	4.9
Middlesex County Natl. Bank (Mass.)	21	2.40	49½	4.8
Middlesex Water Co. Operating public utility	44	3.00	52½	5.7
Midwest Rubber Reclaiming Mfrs. of reclaimed rubber	20	1.25	15¾	7.9
Miles Laboratories, Inc. Alka Seltzer	63	1.04	24½	4.2
Miller Mfg. Co. Tools for auto and engine repair	15	0.30	4⅜	6.9
Millers Falls Co. Tools	*20	†1.24	15¾	7.9
Minneapolis Gas Co. Natural gas distributor	a38	1.35	25	5.4
Mississippi Glass Co. Rolled glass, wire glass, etc.	10	2.10	34	6.2
Mississippi Shipping Co. Steamship operators	32	1.15	25	4.6
Miss. Valley Barge Line Commercial carrier; freight on rivers	15	0.90	16½	5.5

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

Continued on page 42

Blyth-First Boston Group Offers California Oregon Power Shares

An investment banking syndicate headed jointly by Blyth & Co., Inc. and The First Boston Corp. on Oct. 8 made a public offering of 200,000 shares of common stock (par $20) of The California Oregon Power Co., at $27.25 per share.

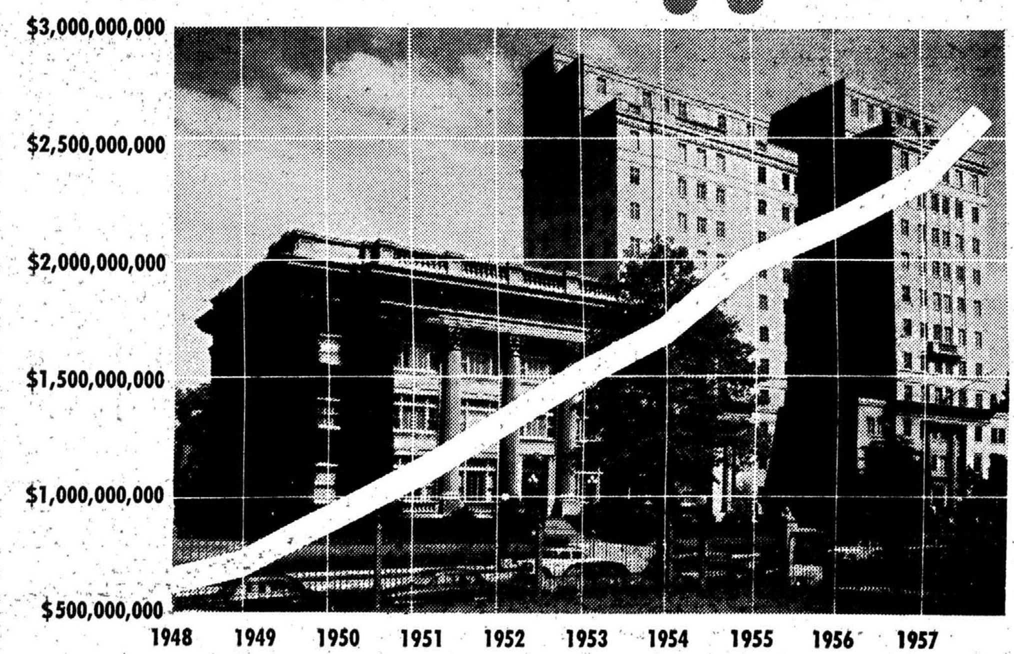
Net proceeds from the sale of the additional common shares and from the proposed sale of $10,000,000 first mortgage bonds on Oct. 15, 1957, will be used to retire outstanding bank loans aggregating $14,000,000 incurred to finance the company's construction program and to reimburse the company's treasury in part, for capital expenditures.

For the 12 months ended July 31, 1957, gross revenues of the company totaled $22,062,000 and earnings applicable to the common stock were $3,604,360, equal to $2.20 per common share. Cash dividends are currently being paid at the rate of $1.60 per common share per year and the company estimates 90% of such dividends will be tax-free for Federal income tax purposes in 1957 and 1958.

The California Oregon Power Co. furnishes electric service to 72 communities and adjacent rural areas in Klamath, Jackson, Josephine, Lake and Douglas counties in Oregon, and Siskiyou, Modoc, Del Norte, Trinity and Shasta counties in California.

Other underwriters associated in the offering include: Dean Witter & Co.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; and Smith, Barney & Co.

You wrote the story of Franklin's amazing growth



The growth of the Franklin Life Insurance Company since World War II has been one of the most spectacular success stories in American business. Yet it is not merely a story of good salesmanship and sound management. Most insurance companies have these factors in abundance. Rather, it is a story of extraordinary consumer acceptance of our unique contracts. You liked the new approach to insurance and money accumulation problems which Franklin offered. The result was that you wrote the story of Franklin success.

In 1956 our percentage gain in outstanding ordinary business over the previous year was 17.9% . . . highest among all major companies. In 1957 Americans are buying Franklin plans at the phenomenal rate of over $2,000,000 every business day. Newest addition to our portfolio of special plans is the attractive Family Protector currently being introduced. This plan, will, we believe, substantially accelerate our already amazing rate of growth.

We will be pleased to have your inquiry as to the "Double Protection" benefits which your family can enjoy under this new program.

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Continued from page 40

Business and the Money Market

but there are some suggestions of a leveling out with the consequent problems this involves.

In nation after nation, the enormous demand for a limited supply of credit has also been aggravated by an insufficient supply of savings. An orderly growth of the American economy cannot take place unless the savings gap is filled not only by business saving but also by millions of individual savers all over the country.

Moderation in Inflation

However, my plea for savings is for that amount required to finance orderly investment and economic growth. There may be times, when despite a reasonable flow of savings, the demand for funds exceeds the supply because of a sharp increase in business outlays for plant and equipment. Obviously the flow of savings cannot be expected to meet all such sudden shifts in demand.

While individually the plant expansion decisions appear to be sound and are based on expanding consumer demand and rising prices, in the aggregate they appear as sudden sharp increases in business spending. Viewed in this light, more moderation in business spending would seem prudent. In these circumstances, certain industries occasionally discover that their capacity is somewhat greater than current demand. This situation seems to characterize a number of durable goods industries today. In short, moderation in spending in times of inflation can be especially sound advice to businessmen.

The wider distribution of the national income has made it possible for more and more people to have increased savings — for many who were formerly less able to save, and for some who, in the past, may not have been regular savers. It is highly important that we not lose sight of the significant role that savings play in providing the capital for the long term expansion and growth of the nation's productive equipment. Without adequate saving, we may severely handicap the growth of the American economy or we may even eventually bring economic growth temporarily to a halt.

Money Integrity

An equally important reason for encouraging individual and business savings concerns our responsibility to preserve the faith of the American people in the integrity of their money. If history has taught anything, it has taught that the sound long-term economic growth of a nation cannot be built upon inflation with a depreciating currency.

A steady growth in savings must accompany sustained economic progress. If we are to maintain the value of the dollar and at the same time realize the great potentials of our economy, there must be a continuous flow of new investment funds from business and individual savings.

However, we cannot place upon the individual saver alone the responsibility for arresting the present inflationary trend. In a period of prosperity the Federal budget should show a substantial surplus. Wage increases should not exceed increases in productivity. Business programs of capital expenditures should reflect some moderation and be related to what our people can reasonably save. In this situation government, business and labor all have responsibilities which they must courageously discharge if the growth of the economy is to be sound.

On the third of this month President Eisenhower stated that inflation was the nation's major problem. While every housewife is probably not familiar with the mysteries of inflation, every housewife knows that something is happening that causes her household expenses continually to increase. Since 1939 the purchasing power of the dollar has been virtually cut in half. A house which could be built in 1940 for $10,000 now costs at least $20,000 to build. Examples of the effect of the erosion of the purchasing power of the dollar are unfortunately all too familiar to require enumeration.

Economists disagree as to the principal causes of our inflation. I do not pretend to know the answer, but I am convinced that high on the list of causative factors are the continuous round of wage increases beyond productivity gains, the various substantial government expenditures and the exceedingly large capital outlays by business.

One hears some talk about the possibility of a slowing down in business in 1958. I do not know whether business will slow down in 1958, but I do know that for us to become indifferent to the peril of inflation, simply because business may be less buoyant next year, would be a serious mistake.

The American people have faced formidable problems in the past. In every instance when the facts were brought to the people and the situation squarely faced, the problem was solved. Once the facts are known, and the action clearly defined, I am certain we shall have the individual and collective self-discipline and the good sense to meet this present challenge.

Columbia Gas System Debentures Offered

An underwriting group headed jointly by Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co., on Oct. 4 offered $25,000,000 of Columbia Gas System, Inc. 5% debentures, series I, due Oct. 1, 1982, at 100% and accrued interest. Award of the debentures was won by the underwriters at competitive sale Oct. 3 on a bid of 98.931%.

The new debentures will be redeemable at regular redemption prices ranging from 105% to par, and for the sinking fund, beginning in 1959, at par, plus accrued interest in each case.

Net proceeds from the sale of the debentures, together with other funds, will be applied toward the cost of the construction program of the corporation's subsidiaries. This construction program for 1957 is presently estimated to require expenditures of approximately $84,000,000, including about $4,300,000 estimated for the portions of hydrocarbon and fractionation plants to be built in 1957.

Columbia Gas System, Inc. is an interconnected natural gas system composed of the corporation, 13 operating subsidiaries and a subsidiary service company. The operating subsidiaries are engaged in the production, storage, transmission and distribution of natural gas. Retail natural gas operations are conducted in Ohio, Pennsylvania, West Virginia, Kentucky, New York, Maryland and Virginia. In addition, the system has an extensive wholesale business, selling natural gas to non-affiliated public utility companies for resale to their companies. Certain subsidiaries produce and sell gasoline and other hydrocarbons and one subsidiary produces and sells oil.

For the twelve months ended June 30, 1957, the corporation and its subsidiaries had consolidated gross revenues of $350,548,000 and consolidated net income of $28,168,000.

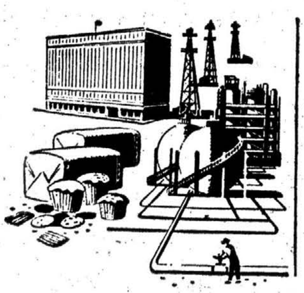
Continued from page 41

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Mississippi Valley Public Service Co. Operating public utility	23	1.37	28	4.9
Missouri-Kansas Pipe Line Holding company	17	3.30	112	2.9
Missouri Utilities Electricity and natural gas	15	1.36	23½	5.8
Mobile Gas Service Corp. Operating public utility	12	1.00	21	4.8
Mode O'Day Corp. Women's and children's apparel	10	1.00	14	7.1
Mohawk Petroleum Corp. Oil production	12	1.95	28	7.0
Mohawk Rubber Co. Manufacturer of rubber products	15	1.00	19¾	5.1
Monarch Life Insurance Life, accident & health insurance	25	0.50	38½	1.3
Monarch Mills Sheetings and print cloths	23	0.75	29¼	2.6
Monroe Calculating Calculating and bookkeeping machines	23	1.75	35½	4.9
Montana Flour Mills Co. Flour and feeds	17	1.60	27	5.9
Monumental Life Ins. (Balt.) Life insurance	28	1.40	87	1.6
Moore Drop Forging Co. Drop forgings and machinery	18	0.80	13¼	6.0
Moore-Handley Hardware Hardware wholesaler	10	0.60	8	7.5
Morgan Engineering Co. Produces mills, cranes, etc.	10	0.45	30¼	1.5
Morgan (J. P.) & Co. Inc.	17	10.00	343	2.9
Morris Plan Co. of California Thrift accounts, loans, time-sales financing	31	1.90	36	5.3
Morrison-Knudsen Co. Construction—heavy engineering	19	1.60	35½	4.5
Mosinee Paper Mills Co. Sulphate pulp and paper	17	1.40	30	4.7
Motor Finance Corp. Auto financing and insurance	32	4.00	95	4.2
Murray Co. of Texas Cottonseed oil	12	1.25	25	5.0
Nashua Corp. Cl. B Makes waxed, gummed, coated papers, printed cellophane	31	1.325	33½	4.0
National Aluminate Corp. Water and petroleum treatments and industrial chemicals	29	1.15	38	3.0
National American Bank of New Orleans	*26	16.00	405	4.0
Natl. Bk. of Comm. (Houston)	18	3.00	104	2.9
National Bank of Commerce in Memphis	18	2.00	49½	4.0
National Bank of Commerce in New Orleans	23	2.20	58	3.8
National Bank of Commerce of Norfolk	68	3.40	109	3.1
National Bank of Commerce of San Antonio	55	1.58	46½	3.4
National Bank of Detroit	22	2.00	54¼	3.7
National Bank of Tulsa	13	†0.90	42	2.1
National Bank of Washington (Tacoma)	51	2.00	49½	4.0
National By-Products, Inc. Animal products	20	0.40	5¼	7.6
National Casualty Co. Accident, health, casualty insur.	23	1.50	60	2.5
National Chemical & Mfg. Co. Paints and related products	18	0.90	17⅝	5.1
Natl. City Bank of Cleveland	21	2.25	60½	3.7
National Commercial Bank & Trust Co. (Albany, N. Y.)	102	§0.925	28½	3.2
Natl. Fire Ins. Co. of Hartf'd Diversified insurance	87	2.65	79	3.4
National Food Products Corp. Holding company; chain food stores	17	¶1.00	20½	5.3
National Life & Accident Insurance Co. Life, accident and health	*32	0.60	95¾	0.6
National Lock Co. Mortise locks	16	1.00	18	5.6
National Newark & Essex Banking Co. (Newark)	153	3.00	54½	5.5
National Oats Co. Cereals, animal feeds	31	0.60	11	5.5
National Reserve Life Insurance Co. Participating & non-participating	14	0.80	75	1.1
National Screw & Mfg. Co. Screws, bolts and nuts	67	2.875	45½	6.3
Natl. Shawmut Bk. (Boston)	*60	2.20	42¾	5.1
National Shirt Shops of Del. Chain, men's furnishings	18	0.90	11⅞	7.6
National State Bk. (Newark)	145	2.30	47½	4.8
National Tank Co. Manufactures and sells oil field equipment	10	1.35	29	4.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
¶ Annual rate following 100% stock dividend on Nov. 6, 1956.
§ On Feb. 4, 1957, the Bank split its stock 3-for-1 and on April 15 an initial dividend of 22½ cents was paid, placing the annual dividend on a 90-cent basis. Previously, the Bank distributed one share of Heartland Holding Corp. common for each share of Nat'l Com. Bank & Trust common held.

OVER-THE-COUNTER GROWTH STOCKS



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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
National Terminals Corp. Midwest storage facilities	13	1.25	19	6.6
National Tool Co. Precision cutting tools	12	0.40	5	8.0
National Union Fire Insur. Diversified insurance	23	2.00	35¼	5.7
Nazareth Cement Co. Pennsylvania producer	12	2.00	32½	6.2
Nekoosa-Edwards Paper Pulp and papers	16	†1.17	43	2.7
New Amsterdam Casualty Diversified insurance	20	1.90	46¼	4.0
New Britain Gas Light Co. Public utility, gas	98	1.95	34	5.7
New Britain Machine Machine tools	21	2.65	36½	7.3
NEW ENGLAND GAS & ELECTRIC ASSOCIATION Owning investments in several operating utility companies ● See Company's advertisement on page 46.	10	1.05	17	6.2
New Hampshire Fire Ins. Diversified insurance	88	2.00	38	5.3
New Haven Board & Carton Co. Paper board and folding boxes	12	0.80	11⅝	6.9
New Haven Gas Co. Operating public utility in Conn.	a106	1.70	28¼	6.0
New Haven Water Co. Operating public utility in Conn.	78	3.00	56	5.4
New York Fire Insurance Fire and allied lines of insurance	24	1.50	27¼	5.5
New York Trust Co.	63	3.375	69	4.9
New Yorker Magazine Publishes "The New Yorker"	28	3.20	42	7.6
Newport Electric Corp. Rhode Island utility	18	1.10	18½	5.9
Niagara Lower Arch Bridge Joint operator of Whirlpool Rapids Bridge	a100	1.50	63	2.4
Nicholson File Co. Manufacturers files and rasps	86	1.50	24	6.3
900 Michigan Ave., North, Corp. Chicago real estate	12	1.00	21	4.8
No-Sag Spring Co. Furniture and bedding springs	20	0.625	13½	4.6
Norfolk County Trust Co. (Brookline, Mass.)	20	1.70	35	4.9
North American Refractories Fire brick & refractory materials	10	†1.86	37	5.0
North & Judd Wide variety of hardware	92	2.00	34½	5.8
North River Insurance Co. Diversified insurance	119	1.40	32¼	4.3
North Shore Gas Co. (Ill.) Retail distributor of natural gas in Illinois	14	0.80	16¼	4.9
Northeastern Ins. of Hartford Reinsurance	11	0.33	10	3.3
Northern Engineering Works Cranes and hoists	*17	0.60	10	6.0
Northern Indiana Pub. Serv. Electric and gas public utility	13	1.89	38¾	4.9
Northern Insurance (N. Y.) Diversified insurance	*47	2.80	76½	3.7
Northern Life Insurance Co. Life, accident and health	45	†1.45	120	1.2
Northern Ohio Telephone Co. Operating public utility	30	1.60	42	3.8
Northern Oklahoma Gas Co. Operating public utility	21	1.00	18	5.6
Northern Trust (Chicago)	61	11.00	450	2.4
Northwestern Fire & Marine Insurance Co. Fire and casualty insurance	47	1.00	32½	3.1
Northwestern National Insurance Co. (Milwaukee) Fire, automobile and allied lines	84	2.25	76	3.1
Northwestern National Life Insurance Co. Multiple line insurance	21	1.25	85	1.5
Northwestern Public Service Electric and gas public utility	11	1.00	16	6.3
Northwestern States Portland Cement Co. Iowa producer	23	†0.97	41	2.4
Noxzema Chemical Co., Cl. B Distributes "Noxzema" shaving cream and medicated cream	34	1.00	18⅜	5.4
Noyes (Charles F.) Co. Real estate	14	6.00	55	10.9
Oakland Title Insurance Co. Title insurance	*26	1.75	30	5.8
Ohio Casualty Insurance Co. Diversified insurance	*31	0.54	23	2.3
Ohio Citizens Trust Co. (Toledo)	22	1.60	38	4.2
Ohio Forge Machine Corp. Gears, speed reducers, etc.	21	4.00	45¾	8.7
Ohio Leather Co. Upper leather for shoes	25	1.25	16	7.8
Ohio National Life Insurance Company Participating only	*32	1.25	36	3.5
Ohio State Life Insur. Co. Life, accident and health	*33	2.00	280	0.7
Ohio Water Service Retails treated water; wholesales untreated	21	1.50	26¾	5.6

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

Continued on page 44

Continued from page 6

The Railroads and Their Future

pressing everything in 1956 dollars.

Inflation to Creep

The maximum likelihood appears to favor a continuation of the inflationary pressure on the average between 1% and 2% annually. The studies of the Joint Economic Committee on "Productivity, Prices and Incomes" tend to support the notion that wage rates are outrunning productivity gains. The price behavior in many of our largest industries also supports the notion that producers are far more willing to suffer a decline in physical volume than they are in prices. Finally, the social goal of full employment, made respectable by the Employment Act of 1946, warrants the conclusion that the public authority prefers inflation to unemployment and that the government will in the long run support the new level of prices and wages. Table A, which is based upon relations among employment, productivity, prices and output, summarizes what may be expected over the next nine years.

TABLE A

	Total Population (Millions)	Civilian Employment (Millions)	Gross National Product ($ Billions)	FRB Index Production (1947-49 = 100)
1940	132	48	101	67
1945	140	53	214	107
1950	152	60	285	112
1955	165	63	392	139
1960	178	69	520	165
1965	190	71	610	200

In arriving at estimates of intercity freight transportation in 1960 and 1965, the data over the past 30 years are correlated with the two principal measures of economic activity, i.e., the Gross National Product in constant dollars and the Federal Reserve Board Index of Industrial Production. Such correlations yielded almost identical results and indicate a close relationship between transportation demand and overall economic activity. What is perhaps more interesting is that the slope of the regression indicated an almost perfectly proportionate relationship between transport ton miles and the two measures of economic activity. This leads to the strong suspicion that the so-called decentralization of industry has not brought about a lessening of the demand for transportation services with the expansion of the American economy. Table B shows the indicated levels of intercity ton miles at the projected levels of Gross National Product and the FRB Index of Industrial Production.

TABLE B

	Gross National Product ($ Millions)	Intercity Ton Miles All Carriers (Billions)	FRB Index Production (1947-49 = 100)	Intercity Ton Miles All Carriers (Billions)
1955	392	1280	139	1280
1960	520	1600	165	1500
1965	610	1850	200	1800
% Change				
1955-60	+33	+25	+19	+17
1955-65	+56	+45	+44	+41

II

The Position of the Railroads

Historically speaking, the railroads' share of total available traffic has declined from about 76% of the total in 1925 to 49% of the total in 1955. It would be a rather simple matter to merely extrapolate this trend and arrive at some 45% in 1960 with only 40% in 1965. This would mean that the railway industry would carry some 720 billion ton miles in both years as compared with the wartime high of 735 billion ton miles reached in 1943 and the peacetime high of 665 billion in 1947. Obviously, this would be not only a dismal showing but would also, without reason to change the direction of the trend, indicate a declining tendency in the years subsequent to 1965. Recognizing that an economic trend like the weather tends to perpetuate itself, it is necessary to ask the question as to whether new economic developments on the one hand and positive managerial action by the railroads on the other will provide good reason to consider an interruption, if not a reversal, in the long term trend. It should be useful, therefore, to devote some attention to the principal problems of the rail industry—problems whose solution will have a major effect upon the ability of the industry to reverse or interrupt what is apparently a long term adverse trend.

III

Problems of the Railroad Industry

(a) **Competition**—It is fashionable for railway managements and some analysts to expend a large measure of energy in fruitless attacks on competitive means of transport and the subsidies paid for by an all beneficent government. Such assaults do the greatest harm because they overlook certain economic fundamentals which have affected and are affecting the transportation industries throughout the world. There are two elements which are extraordinarily pertinent in a proper appraisal of the competitive position of the rail industry. First, there is the tendency for economic communities in the later stages of industrialization to demand more highway transport.

In other words, as a community moves away from a concentration upon heavy industry and the agglomerations that are incident thereto, in the direction of light industry, there appears a tendency for a more than propor-

Continued on page 44

CENTRALIZED MANAGEMENT INCREASES EFFICIENCY

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Continued from page 43

The Railroads and Their Future

tionate increase in the demand for highway transport. This may be seen in the recent economic history of Europe where the capital investment in Eastern Europe and Russia has been concentrated in the railway industry while in Western Europe the emphasis has been upon highway transport.

Secondly, there appears a relationship between the degree of national prosperity and the willingness of the community to invest in non-rail transportation facilities. This has been especially so in England, France, Germany and the low countries in the postwar period.

Thirdly, and in many respects this is another way of saying the same thing, comparisons of rail costs with highway costs do not measure the premium people are willing to pay for the additional speed, flexibility and convenience of highway transportation.

Although from the point of view of better efficiency it is doubtless true that rail transportation is the leader in the overland field for most communities, it is also true that the wealthier the community the more likely is it willing to pay premiums for the luxury of highway transportation. What is needed is a means of bringing the true costs of competing methods of transportation out into the open where the buyer can decide on an economic rather than a political basis the size of the premium he is willing to pay. There has not yet been decided a better method for making this decision than an unregulated and unsubsidized pricing mechanism.

(b) **Prices**—The price policy of the railway industry is today a confused admixture of historical accident, competitive exceptions and bureaucratic edict. During the years when the industry enjoyed a virtual monopoly on overland transportation, monopolistic pricing practices gained a strong toe hold. During the later period of intensive regulation of an industry still operating as a monopoly, the notion of rate levels and maximum rates were introduced presumably to protect the defenseless public. Unfortunately, these elements now persist in a period when the industry is no longer a natural monopoly and serve to handicap rail managements in meeting the competition of other modes of transportation.

If it could be demonstrated that the railroad industry's monopoly power had completely disappeared, it might be possible to restore freedom of pricing to the industry. Unfortunately, the industry still enjoys a monopolistic postion in the transportation of certain commodities in certain areas and it is these industries, such as the coal industry, that may be expected to join forces with the railroads' competitors in keeping them chained tightly to the Interstate Commerce Commission.

One of the chief objections, however, to giving the rail industry price freedom could be met by permitting and limiting the regulatory authorities to the setting of minimum rates. This would assure competitive forms of transportation that the industry would not use the loss leader principle in order to drive weaker competitors out of the business. To do so would necessitate much more elaborate cost studies than are now available. The investment, however, would be more than worth while.

Certainly the time will come when almost all categories and destinations of rail traffic will be subject to the competition of substitute forms of transportation. Under such circumstances, price freedom upon the part of the industry may be a reasonably attainable goal. In the meanwhile it may be necessary to retain regulatory control over maximum rates for certain commodities and routes where the railroads still enjoy a monopolistic position.

(c) **Efficiency**—No discussion of the railway industry could be complete without taking up the problem of efficiency or lack of it of the industry. Because of the financial results, it has often been alleged that the railroads have been back ward relative to the other facets of the American economy. From 1899 to 1953 the overall productivity of the American economy increased according to the Kendrick study of the National Bureau of Economic Research, at the compound rate of 1.7% annually. All manufacturing increased its productivity at the rate of 2.0% annually while mining also averaged 2.0% and agriculture 0.7%. The railroad productivity increment was at the rate of 2.3% annually which was at exactly the same rate as the well regarded petroleum industry and not too far from the 2.7% displayed by the chemical industry. It is quite clear that the railroads have been able to maintain productivity gains that are comparable with the economy as a whole and leading manufacturing industries.

Although there are no figures published showing the breakdown by periods for the individual sectors in the National Bureau data, it is possible to construct productivity indices for the railroad industry. From 1930 to 1940 the rail industry increased its productivity some 42% or an average of 3.8% per year. During the era of dieselization from 1940 to 1950 the productivity gain was identical to the pre-diesel period and from 1950 to 1955 the average gain was 3.9% for a total of 19%. It should be quite clear that not only has the rail industry been able to increase the efficiency of its operations but that it was able to do so prior to and following the use of diesel power. This should provide some confidence in the idea that the industry may be expected through the application of innovations to increase its operating efficiency over the next 25 years and that all gains in operating efficiency are not the result of the single innovation of the diesel electric locomotive. As a consequence, a reasonably constructive attitude towards the future of railway operating efficiency over the next decade is certainly warranted.

(d) **Passenger Operations**—One of the major problems affecting many railroads is the unprofitability of passenger traffic. The current thinking of rail management is that passenger traffic is not now and cannot be made profitable. This is undoubtedly true in many cases but should not be generalized for all railroads and for all routes. For those railroads who do not have a large independent investment in passenger facilities, it is probably advisable for them to get out of the passenger operation completely.

The serious problem, however, is in the case of those roads where the basic investment in passenger business is indeed large and where

Continued on page 45

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Continued from page 43

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Oilgear Co. Hydraulic machinery	*15	2.40	39½	6.1
Old Ben Coal Corp. Marked coal	10	0.75	14⅜	5.2
Old Kent Bank and Michigan Trust Co. (Grand Rapids) **Formerly Old Kent Bank**	28	1.50	34	4.4
Old Line Life Insurance Co. of America Life, accident and health	*32	1.25	62	2.0
Old Republic Life Insurance Company Life, accident and health	*12	0.80	22½	3.6
Olympia Brewing Co. Brewing	21	1.90	33	5.8
Omaha National Bank	22	2.00	64	3.1
Oneida, Ltd. Manufacture sterling, silverplate and stainless tableware	21	1.19	16½	7.2
Onondaga Pottery Co. China tableware	14	1.15	20¼	5.7
Orange & Rockland Electric Company Operating public utility	50	1.00	30	3.3
Orangeburg Manufacturing Co. Manufacture bituminized fibre pipe, conduit and underfloor	21	†1.46	33¾	4.3
Orpheum Building Co. San Francisco office-theatre bldg.	19	0.40	5	8.0
Osborn Manufacturing Co. Manufacturers of industrial brushes and foundry machinery	18	1.50	26	5.8
Oshkosh B'Gosh Complete line of work clothing and matched sets	21	1.75	22	8.0
Otter Tail Power Co. Utility; Dakotas and Minnesota	19	1.60	26¼	6.1
Pabst Brewing Well-known brewer	21	0.375	6¾	5.6
Pacific Car & Foundry Co. Makes railway cars	14	1.20	38	3.2
Pacific Insurance Co. of New York **Formerly Pacific Fire Insurance (N. Y.). Name changed May 1957.** Multiple line insurance	52	2.30	52	4.4
Pacific Intermountain Exp. Motor freight; Western States	10	†0.76	14⅝	5.2
Pacific Lumber Co. Planning mill products	21	12.00	272	4.4
Pacific Natl. Bank of Seattle	29	1.00	28½	3.5
Pacific Power & Light Co. Electric operating utility	10	1.54	30¾	5.0
Pacific Vegetable Oil Corp. Vegetable oil trading and manufacture	15	†0.95	19	5.0
Package Machinery Automatic wrapping machines	40	1.00	21½	4.7
Pacolet Manufacturing Co. Fabrics	18	7.50	143	5.2
Panama Coca-Cola Bottling Beverage bottling	*28	0.40	5⅞	6.8
Passaic-Clifton National Bk. & Trust Co. (Clifton, N. J.)	18	1.50	29½	5.1
Paterson Parchm't Paper Co. Vegetable parchment, waxed and custom made papers	66	†0.75	8¾	8.6
Pearl Brewing Co. Beer producers	18	1.25	18½	6.8
Peaslee-Gaulbert Corp. Furniture and radio distribution	23	0.70	15	4.7
Peden Iron & Steel Co. Hardware	20	2.40	36	6.7
Peerless Cement Corp. Michigan producer	16	1.00	27	3.7
Pemco Corp. Porcelain, enamel and ceramic frits and colors	*13	5.00	50	10.0
Pendleton Tool Industries, Inc. Mechanics hand tools	19	†0.70	16½	4.2
Pennsylvania Engin'g Corp. Steel mills; oil refineries; chemical plants	10	1.00	24	4.2
Pennsylvania Gas Co. Operating public utility in Pennsylvania and New York	78	1.20	26	4.6
Penobscot Chemical Fibre Co. Voting Mfr. bleached soda and sulphite woodpulp	10	1.05	28½	3.7
Peoples First National Bank & Trust Co. (Pittsburgh)	90	2.45	54¾	4.5
Peoples National Bank of Washington (Seattle)	29	1.50	72	2.1
Peoples Telephone Corp. Public Service Telephone	31	4.00	78	5.1
Pepsi-Cola General Bottlers, Inc. Soft drinks	10	0.60	11⅝	5.2
Perkins Machine & Gear Co. Precision gears	16	2.00	23	8.7
Permanente Cement Co. Cement and gypsum products manufacturer	11	†0.54	20	2.7
Permutit Co. Water softeners	20	1.00	29¾	3.4
Personal Industrial Bankers, Inc. Small loans	17	0.12	3¼	3.7

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

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Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Peter Paul Co. Popular candies	23	2.50	35½	7.0
Petroleum Exploration Producing crude petroleum and natural gas	38	3.00	65	4.6
Petrolite Corp. Chemical compounds	26	2.75	112	2.5
Pettibone Mulliken Railroad track equipment, forging and machinery	15	1.20	37	3.2
Pfaudler (The) Co. Corrosion resistant equipment	18	†1.90	45½	4.2
Pheoll Manufacturing Co. Manufacture metal fasteners	36	0.90	22½	4.0
Philadelphia Bourse Exhibition and office building	21	1.50	53	2.8
Philadelphia National Bank	114	‡1.70	34¾	4.8
Philadelphia Suburban Transportation Co. Operates street railway lines and motor buses under charter	17	†0.575	20	2.9
Philadelphia Suburban Water Operating public utility	*18	†0.49	30⅜	1.6
Phoenix Insur. (Hartford) Insurance carrier (except life)	84	3.00	65	4.6
Pictorial Paper Package Corp. Paper boxes	21	0.60	10	6.0
Piedmont & Northern Ry. Operates Diesel line in Carolinas	28	7.00	123	5.7
Pioneer Finance Co. Mobile home financing	19	0.16	5½	2.9
Pioneer Trust & Savings Bank (Chicago)	33	8.00	250	3.2
Pittsburgh Fairfax Corp. Owning and operating apartment building	15	2.00	49	4.1
Plainfield-Union Water Co. Operating public utility	44	3.00	60	5.0
Planters Nut & Chocolate Peanut products	45	†2.36	56	4.2
Plymouth Cordage Co. Manufacture of rope, harvest twines, twisted paper products	99	3.00	43¼	6.9
Port Huron Sulphite & Paper Lightweight papers	18	0.50	23	1.8
Porter (H. K.) Co. (Pa.) Manufactures high voltage electrical equipment, hydraulic presses and related products	13	2.00	58½	3.4
PORTER (H. K.), INC. (MASS.) Manufactures electrical equipment, industrial rubber products, steel and tool steel, copper and alloy metals, refractories, saws and tools, fittings, wire rope and related products **● See Company's advertisement on page 5.**	*19	†0.45	8½	5.3
Portland Gas Light Co. Operating public utility	12	0.50	9	5.6
Portland General Electric Electric utility	11	1.20	22¼	5.4
Portsmouth Steel Corp. Owns substantial interests in Cleveland-Cliffs Iron Co., Detroit Steel Corp., and companies in related fields	10	0.86	17¾	4.8
Potash Co. of America Potash and oil interests	20	2.25	35¾	6.3
Pratt, Read & Co. Piano and organ keys	11	1.00	17¼	5.8
Princeton Water Co. Operating public utility	49	4.00	80	5.0
Progress Laundry Co. Laundry and dry cleaning	22	1.60	19⅛	8.4
Providence Washington Ins. Multiple line insurance	51	1.00	19⅞	5.0
Provident Savings Bank & Trust Co. (Cincinnati)	53	1.75	37	4.7
Provident Trust Co. (Phila.) **Merged in April 1957 with Tradesmen Bank & Trust Co. to form Provident Tradesmens Bank & Trust Co. (stockholders received 1¼ new shares for each old held).**				
Provident Tradesmens Bank & Trust Co. (Phila.)	j92	y2.32	43	5.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
j New Bank paid an initial dividend of 58c on August 1, 1957. Yield was computed on that basis.
‡ Reflects 3-for-1 stock split on Feb. 18, 1957.

Continued on page 46

PRIMARY MARKETS
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Hartford, Conn.—Enterprise 6800

Continued from page 44

The Railroads and Their Future

public authorities insist upon maintaining the service. In this instance a three point program should improve passenger results. On long and middle distance routes the industry would do well to reduce the number of trains to the minimum consistent with the traffic flow. The retained service, however, must be improved in terms of performance and comfort lest the loss of traffic result in even greater losses.

Secondly, it is not wise to milk profitable passenger routes in an effort to cover the deficits of unprofitable routes and commuter service. Such a policy will in time result in losses of traffic so that the profitable routes will also become unprofitable leaving the carriers worse off than they were before.

Thirdly, the roads which carry a large commuter movement must work towards a subsidy arrangement with the transport authorities in their service area. As the metropolitan populations grow and more and more suburban land is developed, the mass transportation problem of these communities should make both the public and local government authorities better disposed towards an arrangement with the commutation railroads. All these measures should help, if not eliminate, passenger deficits for the operators or at least bring them down to manageable proportions.

(e) **Inflation** — There is much concern about the ability of the railroad industry to survive a period of chronic inflation. There are four principal considerations which affect the ability of the railroad or any other industry to survive a period of inflation. In the first place enterprises which are debtors on balance are in a much better position to gain in periods of inflation than neutral industries and especially creditor firms. In this respect, the railroads are indeed well situated.

Secondly, the strongly unionized firms tend to be better off than the nonunionized or weakly organized enterprises during inflationary periods. This is because the fixed term union contract, even though it may have an escalator clause, gives the company a benefit of the time lag between the increase in price level and the increase in the wage bill. Railroads represent one of the most strongly unionized areas in American industry.

Third, the permanent investment in the railroad industry in terms of the right of way and adjunct facilities is already in being. Competitive forms of transportation, especially trucking, still face an enormous investment at rising costs even though it may be made by a public authority. Moreover, maintenance accounting permits in effect the replacement of facilities via the tax favored expense route.

Other industries using depreciation accounting must make of their replacement out of capital with the depreciation rate for tax purposes determined by original cost at a much lower level. This, too, is a point in favor of the industry. The fourth consideration, i. e. the ability of the industry to get rate increases, is by all means the most important for if such increases are not forthcoming, then all other advantages of the road's position in a period of inflation is obviated. Because of the foregoing considerations, however, the roads need not obtain increases as immediately or in as large a measure as would be the case in not so favored enterprises. Moreover, the Interstate Commerce Commission in recent years has shown a reasonable willingness to act on behalf of the carriers. This is especially so in comparison with the Civil Aeronautics Board in handling airline rate petitions.

It would appear, therefore, that the position of the railway industry in a period of inflation is not nearly as desperate as many commentators seem to think and that the continuation of the current attitude of the regulatory commission will go a long way towards enabling the carriers to keep pace with the cost-price spiral.

Conclusion

In summary, railroad management must work towards long haul efficiency and diminution of subsidies to competitive carriers. In the meantime the piggy back idea has the fundamental economic bentfit of enabling the carriers to perform the long haul portion of the service while leaving the convenience and flexibility facets to the truckers. The rail industry must also work towards free pricing of their services. They should be willing to accept the notion of a minimum rate as the proper area of the regulatory authorities. This will be a step in the right direction and will serve to remove the argument that the roads under a free price system would use their superior size and financial power to destroy their competitors by temporarily selling freight service way below cost.

The railroads must also make a much larger investment in research, technical, accounting and economic. They must know the alternative technical means for providing the most efficient service and know their costs and markets to a degree far greater than exists today. Lastly, the industry must strive towards the mass production of transportation and reorganize its attitude towards the passenger business.

If the railroad industry is willing to accept the challenge of a dynamic innovating economy, it is quite possible that the passenger business may be operated for the most part on a break even basis. What is more important, however, is that the railway industry can maintain 45% of the intercity traffic and reach well over 800 billion ton miles by 1965. Under these circumstances, we will have a healthy industry performing an indispensable service and providing profit opportunities for investors.

The position of the rail industry may well be epitomized by the words of the Roman poet, Horace: "Many shall be restored that now are fallen and many shall fall that now are in honor."

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Continued from page 4

Observations . . .

escapism of both investors and particularly, of trustees. If I lose 30% of your money in American Telephone you're not going to say too much, but let me lose 1% on "XYZ" — a stock with equal or greater value—and you'll cry blue murder or perhaps, you'll be too polite, and then I'll have a guilty conscience.

The Published Services

The next category of Advisory Service available to you is through the published services, some of which, incidentally, also afford Consultation privileges.

Now first let me tell you that there are various kinds of Investment Services which give the investor *factual* information about particular securities, or on the market as a whole. Standard and Poor's Corporation has a complete statistical service called "Corporation Records" compiled in six large loose-leaf volumes of very comprehensive, basic descriptions of all important companies. These are revised periodically for earning statements and for other important facts and corporation events. They are constantly kept up-to-date in a Daily News Section. This concern — that is Standard and Poor's — also gets out a serivce with a Daily Dividend Information Record, and also a Record of Called Bonds and Preferred Stocks, a New-Issue Service, Unlisted Stock Report, Listed Stock Reports and many others dealing in various specific categories of continuing corporate information.

Now, another ocean of statistics is the Moody organization. It has its large-scale well-known basic manuals and semi-weekly publications completely covering, separately, governments and municipals in one volume—banks, finance and insurance companies in another volume—industrials, public utilities and railroads in a third volume. In a straight statistics category it issues a dividend record twice weekly. And in the advisory field, Moody's issues reports on the cilents particularly holdings, an inexpensive service for individual and institutional investors. It also gives opinions in its stock surveys and its bond surveys, its personal management service, and its supervisory service for banks and trust companies. Moody's bond ratings, for quality—that is with "AAA" "AA" "A", or "B" and so on, are the recognized standard throughout the investment world.

There are some other services giving advice and information along the same lines, among the better known being Fitches, which many of you have heard about, and Brookmires with both having additional specialized services.

Value Appraising Service

Also, in the line of published services, there is Value Line which has grown up to be quite successful over the last few years, and this is concentrated, in line with my own investment philosophy, on evaluating individual securities on the basis of statistical standards. The Value Line, briefly, is based on ratings revealing the relationship for 800 stocks over the past 20 years, between earnings and dividends, on the one hand, and market prices on the other. The Value Line shows the price which would be justified by a similar capitalization of the earnings and dividends estimated for the next 12 months at a rate that has been normal according to past experience.

Then, I want to remind you of various services connected with organizations which issue reports of curent happenings which apply only in a minor way to securities and are intended more for the businessman. For example, there's The Research Institute of Ameria, of which Leo Cherne is the head, Kiplingers in Washington and the host of those who have copied them.

In the "Technical" Area

And then, there is the multitude of technical services for stock-market forecasting, which is so popular. These fall into various categories: (1) For defining the so-called trend of the market on which I'll have a lot to say, mostly debunking, in a later lecture; (2) for analyzing the so-called character of the market. (3) The very popular formula-plan services. (4) Cycle forecasting, (of which you've heard a great deal). (5) Measurers of market psychology determining who is doing what. For example, Garfield-Drew has a service based on the idea of measuring the odd-lot business on the premise that the small investor who deals in an odd-lot is always wrong . . . (so it is a sort of "bucketing" operation). (6) Services regarding individual companies, as Value Line which I have just mentioned, and various others. (7) Money and serious economic analysis.

The Flaws

Now, to give you some of the common faults of all these stock-market advisory services: Most important, I would say, is the camouflaging of their basic aims; for example, they often conceal "tipping technique" in very high-class language; which means camouflaging "low-tipping" with fancy moralistic language. But, above all, I want to give you my over-riding reaction on all these services. Namely, that they are good on *fact* but far less happy in their *forecasting* activities. For example, several do a truly monumental and worthwhile job in getting out a tremendous amount of avaluable statistics which are just priceless and invaluable to the investor. But they also branch out more and more into the forecasting area, in response to the popular will and popular pocketbook, where, to say the least, they are less successful (which I will go into in a later lecture). Incidentally, don't forget the fees you pay for subscription services are tax-deductible.

Places for Your Funds

And now for some of the places for actually investing your funds! First, we have the Commercial Bank, which is readily available to you. They pay no interest on demond deposits but do pay up to 3% now on time deposits. They give various service to you, the security holder; in many cases, the bank completes your security transactions by receiving and delivering certificates for your account. Then, they have Custody Accounts, which hold a customer's securities for him; advise him regarding corporate actions on his holdings, like redemption of bonds or stock rights, which might otherwise get lost or thrown in the wastebasket. They include no advice on portfolio management. Then, there are safe-deposit boxes, from $5 to $6 up which are not needed, of course, by these custodian accounts.

The bank also has some Investment Advisory Services, which include Investment Counseling as well as Custody Service. Usually, but not always, the bank requires a fee of ½ of 1% of principle with a minimum of $450 to $500 in fees. Now, for persons with less than the minium of $100,000, he can usually get advice from Officers of the Trust Department of the Bank but this is usually spasmodic and, most often, limited to bonds. And usually, there is no charge to the bank's customers if this advice is not too frequently taken advantage of.

Then there are Trust Departments of both the Commercial Banks and the Trust Companies. As a place for your funds there is the "Living" Trust, which is part of the banking operations, which may or may not be co-mingled with the bank's common trust fund. The charges here are set by law and are quite moderate. And here, you can give the bank quite wide discretion in handling your portfolio. Now, there are distinct advantages in the bank trustee—as their having management experience.

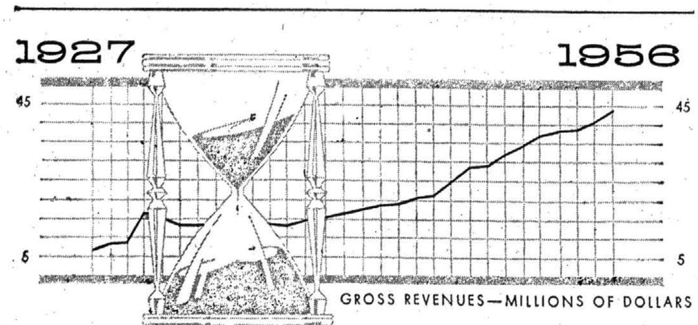
Also, we have available the common trust fund. There are two categories for handling these in which you put your money in with others in one common fund. One is in legal investments—including disretion to put up to 35% in common stocks, or the other category which is discretionary with full latitude to the trustee. The cost is quite moderate: 6% on the first $2,000 of income; 3% on the next $10,000 or 0.3% on capital value.

A drawback in this type of fund is difficulty in withdrawing without undue delay.

The Investing Co-op

Also there is the Investment Company or Mutual Fund, which in short-hand language you might

Continued on page 47



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Continued from page 45

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Provincial Bank of Canada Foreign and domestic banking business	57	0.87	26	3.3
Public Service Co. of N. H. Electric utility	20	1.00	16¾	6.0
Public Service Co. (N. Mex.) Public utility	11	0.71	16⅛	4.4
Publication Corp. vot. Owns rotogravure printing plants	21	3.00	33½	9.0
Punta Alegre Sugar Corp. Cuban holding company	12	0.50	23⅛	2.2
Purex Corp. Makes "Purex" and "Trend"	*15	†0.79	22	3.6
Purolator Products Filters oil, gas and air	16	2.00	31¼	6.4
Quincy Market Cold Storage Boston operation	15	10.00	210	4.8
Ralston Purina Animal feeds, breakfast foods	23	†0.85	26⅞	3.2
Real Estate Investment Trust of America A new company formed in June 1956 as a result of a merger of the Boston Ground Rent Trust, the Boston Real Estate Trust and the Western Real Estate Trustees	a71	0.60	13	4.6
Red Owl Stores, Inc. Midwest retail food chain	25	1.30	31	4.2
Reece Corp. (Mass.) Makes button hole machines	75	1.10	16¼	6.8
Reed (C. A.) Co., class B Crepe paper	11	1.50	25	6.0
Reinsurance Corp. (N. Y.) Writes only reinsurance	20	0.50	13¼	3.8
Reliance Varnish Co. Paints, varnishes and enamels	13	0.60	9	6.7

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 51.

Republic Insurance (Dallas) Fire and casualty insurance	51	1.50	50½	3.0
Republic National Bank of Dallas	37	†1.65	55½	3.0
REPUBLIC NATIONAL LIFE INSURANCE CO. (DALLAS) ● See Company's advertisement on page 55.	11	0.20	39¼	5.2
Republic Natural Gas Natural gas and oil producer	19	1.00	35¾	2.8
Republic Supply Co. of California Suppliers and distributors of oil-well and industrial supplies	36	†0.98	17¾	5.5
Resistance Welder Corp. High production welding machines	10	0.15	6⅛	2.4
Revere Racing Assn. Dog racing, near Boston	15	0.60	7	8.6
Rhode Island Hospital Trust	90	†3.58	85½	4.2
Richardson Co. Manufacturers of battery parts and plastic products	25	1.00	14½	6.9
Rich's, Inc. Operates Atlanta department store	28	0.70	14	5.0
Riegel Textile Corp. Wide line textile products	19	1.35	23	5.9
Rieke Metal Products Corp. Heavy metal stampings	20	1.25	13½	9.3
Rike-Kumler Co. Dayton department store	42	1.50	34¾	4.1
Riley Stoker Corp. Power steam generators	18	0.60	25¾	2.3
Risdon Manufacturing Co. Small metal stampings	40	3.95	68	5.8
River Brand Rice Mills Leading rice miller and packager	a24	1.50	18½	8.1
Roanoke Gas Co. Public utility. Distributes natural gas	13	0.80	16	5.0
Robertson (H. H.) Co. Manufacturers of construction materials	21	†3.20	74	4.3
Rochester American Insurance Co. Diversified insurance	28	1.60	40	4.0
Rochester Button Co. Buttons	20	1.00	13½	7.4
Rochester Telephone Corp. Operating public utility	14	1.00	20¾	4.8
Rock of Ages Corp. Granite quarrying and mfg.	17	1.00	15¾	6.3
Rockland-Atlas Natl. Bank of Boston	93	1.60	35½	4.5
Rockland Light & Power Co. Hudson west shore electric supplier	*43	0.75	19⅜	3.9
Rockwell Mfg. Co. Meters, valves, power tools	18	†2.16	46	4.7
Roddis Plywood Corp. Manufacture and distribution of plywood doors and lumber	13	†0.58	14¾	3.9

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

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	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Rose's 5, 10 & 25c Stores, Inc. Operates 145 stores in the South	30	1.15	26	4.4
Ross Gear & Tool Co. Inc. Manufacturers of steering gears	29	1.50	25¼	5.9
Royal Dutch Petroleum (NY) Affiliated with producers of many nations	10	†1.78	95½	1.9
Royalties Management Corp. Oil and gas royalty interests	14	0.20	4	5.0
Saco-Lowell Shops Manufactures textile machinery	19	1.65	16¼	10.2
Safety Industries, Inc. Supplies the following markets: general industrial, food, chemical and railroad	26	1.25	28½	4.4
Safway Steel Products, Inc. Manufactures steel scaffolding, grand stands and bleachers	20	1.00	15	6.7
Sagamore Mfg. Co. Sateens; broadcloths, twills	21	8.00	98	8.2
St. Croix Paper Co. Maine producers	37	1.25	28	4.5
St. Joseph Stock Yards Co. Livestock	58	5.25	49	10.7
St. Paul Fire & Marine Insur. Diversified insurance	85	1.20	63	1.9
St. Paul Union Stockyards Minnesota operator	41	1.60	20	8.0
San Antonio Transit Co. Intra-city busses	13	0.60	13⅝	4.4
San Francisco Brewing Corp. Name changed in January, 1957, to Burgermeister Brewing Corp.				
San Jose Water Works Public utility (water)	26	y2.80	43¼	6.5
Sanborn Map Co. Fire insurance & real estate maps	80	4.00	48½	8.2
Sargent & Co. Hardware, locks and tools.	14	1.00	17⅝	5.7
Savannah Sugar Refining Georgia operator	33	5.25	89	5.9
Schenectady Trust Co. (N.Y.)	53	2.00	65	3.1
Schlage Lock Co. Locks and builders' hardware	17	†0.99	29½	3.4
Schuster (Ed.) & Co. Three Milwaukee dept. stores	*15	1.00	16	6.3
Scott & Fetzer Co. Vacuum cleaner attachments	10	2.60	17¾	14.6
Scott & Williams, Inc. Builds knitting machinery	41	2.45	43¾	5.6
Scranton Lace Co. Lace curtains and table covers	*41	0.45	19	2.4
Scruggs-Vandervoort-Barney Department stores; St. Louis, Kansas City, Denver	17	0.60	12	5.0
Seaboard Surety Co. Diversified insurance	22	2.20	68	3.2
Searle (G. D.) & Co. Pharmaceuticals	22	1.00	47½	2.1
Sears Bank & Trust Co. (Chicago)	17	2.40	75	3.2
Sears-Community State Bank (Chicago) Name changed to Sears Bank & Trust Co. in January 1957				
Seatrain Lines Transports freight cars by ships	*16	0.50	10	5.0
Second Bank-State St. Tr. Co.	38	2.80	61	4.6
Second National Bank of Saginaw	79	3.00	76	3.9
Securities Acceptance Corp. Instalment financing and personal loans	23	0.40	8¾	4.6
Security-First National Bank (Los Angeles)	76	1.60	45	3.6
Security Insurance Co. of New Haven	63	†0.59	28	2.1
Security National Bank of Greensboro (N. C.)	21	†0.90	25½	3.5
Security Trust Co. of Rochester	64	†1.83	45½	4.0
Security Trust & Savings Bank of San Diego	21	0.725	27½	2.6
Seismograph Service Corp. Surveys for oil and gas industries	11	0.70	12¾	5.5
Selected Risks Indemnity Co. Diversified insurance	*24	1.20	34	3.5
Seven-Up Bottling Co. (St. Louis) Bottler of carbonated beverages	19	0.60	8½	7.1
Shakespeare Co. Fishing reels, rods and lines	19	1.50	20½	7.3
Shaler Co. Vulcanizers	21	0.50	11	4.5
Shepard Niles Crane & Hoist Electric cranes and hoists	22	2.00	25¾	7.8
Sherer-Gillett Co. Manufacturer commercial refrigeration	12	0.20	3¾	5.3
Shuron Optical Co. General line of ophthalmic goods	21	†1.39	38¾	3.6
Sibley, Lindsay & Curr Co. Rochester, N. Y. department store	11	1.60	27½	5.8
Sick's Ranier Brewing Co. Formerly Sick's Seattle Brewing & Malting Co. Name changed April 1957. "Ranier" and "Brew 66" beer	20	0.20	3	6.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
y Includes adjustment dividend of 40 cents paid Dec. 1, 1956 to establish same payment schedule for common and preferred dividends.

Continued on page 48

Continued from page 46

Observations . . .

call an Investing Co-operative. There are two categories of these: The open end and closed end. The advantages are professional "know-how"; full-term expert management of your portfolio; diversification; and, above all, objectivity. Disadvantages are: (1) Excessive "blue chippiness," in other words "window-dressing," which I have described; (2) Unwieldiness from size in some cases, which prevents them from turning around and maneuvering; and (3) Sales Abuse, such as "over-selling," "over-promotion" and selling to the wrong people.

A Money Department Store

Then, we get to another important place for your funds, that is the Mutual Savings Bank which, today, you can call a money-department store. Among its varied functions is the sale of life insurance which they sell "over-the-counter" without selling commissions to salesmen, and with the bank taking care of premiums. Then they have safe-deposit vaults and notary service, and take care of mortgage extensions.

In New York, deposits are limited to $10,000, but you can exceed this by depositing in the name of dependents in trust in separate pass-books. Technically, there is a 30-day withdrawal stay which can be invoked, but practically this has never been used, not even in the Great Depression of the early thirties.

Now, a word about safety of the Savings Bank deposit. First, there is political safety, that is, through the large number of depositors—now over 8,000,000 in New York State — and their relativey low-income category. By "political safety" I mean that these 8,000,000 people are "voters"—and you know what I mean.

Then there is the recent great spreading of risk away from Real Estate, which used to attract the greatest proportion of assets. Now much of the Savings Banks' assets are in Government Bonds. But, more important than all is that your deposits are now guaranteed by the Federal Deposit Insurance Corporation, so you are removed from all worries and all headaches.

Now, a word about the rate of return. There is no definite ceiling imposed by the State Banking Board, but the return in New York City is now 3% to 3¼%, subject to consultation with the Banking Department.

You should use Savings Banks for emergencies like possible illness expenses and short-term needs, reserving other savings and other investment media for other purposes, which we will go into a bit later on. But, remember, the Savings Bank Nest-Egg constitutes your "emergency dollars"!

Savings and Loan

Now for a Savings Medium about which there is always a great deal of interest and many questions: namely, the Federal Savings and Loan Associations. These institutions were created pursuant to the Home-Owners Loan Act of 1933. Some of the banks are chartered by the State; some by the Federal Government. They have a double purpose: To provide a savings medium and to finance small homes. All borrowers and depositors are members of the Savings Loan Association. There are share capital and share accounts consisting of amounts paid for that purpose, plus dividend. Loans can be made to holders of Share Accounts on the sole security of such Share Accounts.

How about your deposits in the Federal Savings and Loan Bank? Their amount is unlimited. Regarding their insurance, they are protected by a mutual funds pool which is called the Federal Savings and Loan Insurance Fund, which, it is claimed, has a greater amount of capital in proportion to its deposits than has the Federal Deposit Insurance Corporation. The rate of interest paid to depositors has never been less than 2%, which now has been raised—with the present high money rates—to 3¼ to 3½%.

We must mention a few flaws in the Savings and Loan System. There is a hitch regarding the Federal Insurance and Loan Corporation in that the failure of the Federal to repay the investor all his money on demand does not constitute a default, and insurance provisions are not applied until there is a technical default. There is no default, I want you to realize, as long as the institution uses one-third of its cash receipts for its repurchase of Share Accounts. So, even despite the Insurance Corporation there is no real guaranteed *liquidity*. The depositor actually has his money invested in a home-financing association, the bulk of whose assets are based on investments in mortgages and real estate. Hence, he really has his money invested in the trends operating in the real estate market, and this is far from constituting a true depository.

Now, the net conclusion I want to give you regarding liquidity—is that as long as the money is flowing *in* more rapidly than it is being withdrawn, then you are okay. But Illiquidity will probably, or possibly, come in under the converse, that is, when money comes in more slowly than it goes out. In that case you can only get your first thousand dollars out and then wait at the back of the line for the rest. You do not have a creditor position like the Savings Bank. The final word is that there is likely to be trouble in case of a real boom and bust period!

Joins Fusz-Schmelzle

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Jules H. Steiber is with Fusz-Schmelzle & Co., Inc., Boatmen's Bank Building, members of the Midwest Stock Exchange.

With Marache, Dofflemyre

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Ralph C. Davidson is with Marache, Dofflemyre & Co., 634 South Spring Street, members of the Pacific Coast Stock Exchange.

A BASIS FOR CONFIDENCE

Upson, world leader in the manufacture of laminated wood fiber wallboard products, has prospered through forty-seven years of its corporate life. Conservative financial policies, strict manufacturing and quality controls, research and development programs combined with honest dealer policies inspiring the friendly cooperation of its more than 16,000 dealers are responsible for Upson's strong position and healthy growth.

Management's present emphasis on product diversification, plans for the future development of the domestic mass housing and pre-fab markets, the rapidly expanding foreign market and encouraging increases in industrial demands for Upson's products, presents a strong basis for confidence in 1958.

THE UPSON COMPANY UPSON LOCKPORT, NEW YORK

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Continued from page 4

The State of Trade and Industry

reached 44% of its peak 1957 weekly production level.

However, the Chrysler Corp. upturn was not enough to offset Ford Division's shutdown for model changeover. Elsewhere, General Motors Corp. produced no cars the past week for virtually the third consecutive week.

"Ward's" reported steady operations for American Motors Corp. and Studebaker-Packard Corp. last week.

Individual savings rose $9,200,000,000 during the first six months of 1957, more than in any first half over the past decade, a Securities and Exchange Commission survey showed.

The increase, it stated, pushed cumulative individual savings to about $679,900,000,000 at the end of June against about $662,500,000,000 a year earlier, the commission estimated. The agency defines individual savings as personal holdings and savings of unincorporated business, trust funds and non-profit institutions.

The commission attributed the jump in savings in the first half of this year to higher personal income and a reduction in the expansion of individuals' debts. It said seasonal factors in large measure accounted for a slump during the second quarter from the first quarter savings rate.

Steel Production Scheduled at 81.6% of Ingot Capacity This Week, One Point Under Previous Period

Steel demand and production are moving sideways, "Steel" Magazine declared on Monday of the current week. Buyers are in the driver's seat as far as service is concerned, but demand is not so soft that producers would think of cutting standard prices, the weekly magazine of metalworking added.

The current strength and direction of steel prices are seen in tool steels which are rising 3 to 16%, but the few remaining premium prices are fading. A premium price producer of structurals lowered the price $3.50 a ton to the level of other eastern producers.

Outstanding on the price front is the downhill movement of steel scrap. In the week ended Oct. 2, "Steel's" price composite on steelmaking scrap dropped $4.16 a gross ton from the preceding week's level. This is the seventh consecutive week of decline, placing the composite at $42.17 a gross ton, the lowest mark since July, 1955.

Prices are being determined almost as much on broker offers turned down by consumers as by purchases. Mills say they are well supplied with scrap for their present rate of operations.

In the week ended Oct. 6, output of steel for ingots and castings was at 82% of capacity for the second consecutive week, yielding about 2,099,000 net tons, but there is considerable variation among district and plant operating rates, this trade weekly observed.

Production cutbacks in iron and steel mills and related metalworking plants in the Birmingham district have brought about 5,000 layoffs in the area. U. S. Steel Corp.'s Tennessee Coal & Iron Div., the South's largest steelmaker, has laid off about 2,000. Most of the other layoffs are in plants of Republic Steel Corp., U. S. Pipe & Foundry and H. K. Porter Company Inc. divisions.

The publication pointed out that consumers are still living off their inventories to a considerable extent. Such inventory reduction is viewed by optimists as a bullish factor for later on, perhaps near the close of this year or early in 1958. When inventories are exhausted, consumers will have to come back into the market for steel.

In the week ended Oct. 2, "Steel's" arithmetical base price composite on finished steel dropped 16 cents to $146.03 a net ton. It had held at $146.19 a ton since the week ended July 17.

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 81.6% of capacity for the week beginning Oct. 7, 1957, equivalent to 2,088,000 tons of ingot and steel for castings, as compared with 82.6% of capacity, and 2,115,000 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 81.9% and production 2,097,000 tons. A year ago the actual weekly production was placed at 2,483,000 tons or 100.9%.

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 Declined Further The Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 5, 1957, was estimated at 11,564,000,000 kwh., according to the Edison Electric Institute. Output the past week continued its lower trend of the preceding week.

The past week's output decreased 133,000,000 kwh., below that of the previous week but advanced by 222,000,000 kwh., or 2.0% above that comparable 1956 week and 925,000,000 kwh. over the week ended Oct. 8, 1955.

Car Loadings Rose by 2% in Latest Week Following a Modest Decline in the Preceding Period

Loadings of revenue freight for the week ended Sept. 28, 1957, advanced by 14,332 cars, or 2% above the preceding week, the Association of American Railroads reports.

Loadings for the week ended Sept. 28, 1957, totaled 739,266 cars, a decrease of 92,382 cars, or 11.1% below the corresponding 1956 week and a decrease of 76,269 cars, or 9.4% lower than the corresponding week in 1955.

U. S. Automotive Output Held at A Low Level the Past Week as A Prelude to More Robust 1958 Model Production This Week

Automotive output for the latest week ended Oct. 4, 1957, according to "Ward's Automotive Reports," held to a substantially lower rate as manufacturers

Continued on page 50

UNLISTED SECURITIES

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Continued from page 47

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Sierra Pacific Power Operating public utility	31	1.20	21⅜	5.6
Sioux City Stock Yards Iowa livestock market	53	2.00	31	6.5
Sivyer Steel Casting Co. Castings	21	1.50	27	5.6
Skil Corp. Portable tools	20	1.55	25¼	6.1
Smith Agric. Chemical Co. Chemical fertilizers	33	0.20	7½	2.7
Smith (J. Hungerford) Co. Manufacturer of soda fountain & ice cream fruits and flavors	34	2.75	41½	6.6
Smith (S. Morgan) Co. Heavy manufacturing, turbines and valves	59	1.20	24¼	4.9
Smith Engineering Works Mining machinery	10	2.15	58	3.7
Snap-On Tools Corp. Manufacture and distribution of mechanics' hand service tools and related items	18	†0.90	32	3.1
Sonoco Products Co. Paper and paper products	32	1.00	26½	3.8
South Atlantic Gas Co. Operating public utility	12	0.80	12¾	6.3
South Carolina National Bk. (Charleston)	21	2.50	63	4.0
South Parkway Building Corp. Chicago real estate	15	1.75	65	2.7
Southeastern Telephone Co. Operating public utility	17	0.90	16¾	5.4
Southern Bakeries Co. Southeastern baker	21	†0.79	16½	4.8
So. California Water Co. Water, electric and ice interests, Operating company	29	0.80	14⅛	5.7
Southern Colorado Power Electricity supplier	13	0.70	14⅞	4.7
Southern Fire & Casualty Co. Diversified insurance	16	0.40	6¾	5.9
So. New England Tel. Co. Communications services	66	2.00	37½	5.3
Southern Union Gas Co. Natural gas production and distribution	14	1.12	28	4.0
Southern Weaving Co. Narrow fabrics, tapes and webbings	30	3.00	52	5.8
Southland Life Insurance Co. Life, health and accident insurance	22	1.35	95	1.4
Southwest Natural Gas Co. Southen natural gas supplier	10	0.20	4⅜	4.6
Southwestern Drug Corp. Wholesale drugs	15	2.00	40½	4.9
Southwestern Elec. Service Electricity supplier	12	1.16	20¼	5.7
Southwestern Investment Co. Sales, financing and personal loans	21	†0.49	14⅛	3.5
Southwestern Life Insur. Co. Non-participating life	48	1.60	107	1.5
Southwestern States Tel. Co. Operating public utility	11	1.16	20	5.8
Speer Carbon Co. Carbon, graphite and electronic products	24	1.50	32	4.7
Spindale Mills, Inc. Yarn shirtings and dress goods	12	1.00	14	7.1
Spokane International Railroad Co. Northwestern carrier	15	1.50	30	5.0
Sprague Electric Co. Electronic components	17	1.20	33½	3.6
Springfield F. & M. Ins. Co. Multiple line insurance	90	2.00	45½	4.4
Springfield Gas Light Co. Massachusetts operating utility	104	2.70	47	5.7
Staley (A. E.) Mfg. Co. Processes corn and soy beans	22	†1.33	24¼	5.5
Stamford Water Co. Operating public utility	61	1.80	33	5.5
Standard Accident Insurance Co. (Detroit) Casualty, bonding and fire and marine insurance	17	1.90	56½	3.4
Standard-Coosa Thatcher Co. Yarns and threads	35	1.00	13	7.7
Standard Fire Insurance Co. of New Jersey Diversified insurance	88	2.50	57	4.4
Standard Screw Co. Screws and screw machine products	52	4.00	65	6.2
Standard-Toch Chemicals, Inc. Varnishes and lacquers	10	0.28	6¼	4.5
Stange (Wm. J.) Co. Food colorings and seasonings	11	0.70	12¼	5.7
Stanley Home Products, Inc. (Nonvoting) Manufactures and sells brushes, waxes, polishers, and personal toiletries	14	2.25	30	7.5
Stanley Works Hardware for building trades, etc.	81	2.70	43¾	6.2
State Bank of Albany	*32	1.60	45	3.6
State Loan & Finance Corp. Cl. A Loans and finance business, Southern states	26	0.90	15⅞	5.7

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

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Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
State Natl. Bank of El Paso	76	6.00	277½	2.2
State Planters Bank of Commerce & Trs. (Richmond, Va.)	*35	2.20	60	3.7
Stearns Manufacturing Co. Manufactures concrete block making equipt. and associated items	21	0.10	4⅝	2.2
Stecher-Traung Lithograph Corp. Labels, packets and boxes	18	1.85	22½	8.2
Stifel (J. L.) & Sons, Inc. Cotton textiles	*12	0.40	11	3.6
Stonecutter Mills Corp., Cl. B Dies and fabrics	15	0.20	5¾	3.5
Stonega Coke & Coal Co. Coal and lumber	17	†1.21	26½	4.6
Stouffer Corp. Restaurant chain	21	†0.32	12⅝	2.5
Strathmore Paper Co. Writing paper	14	2.25	35	6.4
Strawbridge & Clothier Large Philadelphia department store	10	†0.97	20½	4.7
Struthers Wells Corp. Fabricated metal products; chemical and refinery equipment	13	1.60	25¼	6.3
Suburban Propane Gas Corp. Propane gas distributor	11	1.20	16½	7.3
Sun Life Assurance Life. Also large annuity business	20	4.70	245	1.9
Super Valu Stores, Inc. Wholesale food distributor	21	1.45	35	4.1
Swan Rubber Co. Manufactures hose (rubber and plastic) small tires	21	1.10	18¾	5.9
Syracuse Transit Corp. Local bus operator	15	2.00	18½	10.8
Tampax, Inc. Miscellaneous cotton products	14	1.80	44	4.1
Tappan Stove Co. Gas ranges	*22	1.40	21¼	6.6
Taylor-Colquitt Co. Railroad ties and poles	30	2.50	30	8.3
Taylor & Fenn Co. Grey iron alloy castings	51	0.80	11	7.3
Taylor Instrument Cos. Mfr. of scientific instruments	56	2.00	79	2.5
Tecumseh Products Corp. Refrigeration compressors, etc.	17	†2.50	78	3.2
Tenn., Ala. & Georgia Ry. Co. Railroad common carrier	19	1.00	11	9.1
Tennesee Gas Transmission Natural gas transmission	10	1.40	31½	4.4
Terre Haute Malleable & Manufacturing Corp. Iron castings	21	0.90	13½	6.7
Terry Steam Turbine Co. Turbines and reduction gears	*49	11.00	160	6.9
Texas Natl. Bank (Houston)	*33	†2.22	55	4.0
Textiles, Inc. Makes cotton yarn	16	1.00	13⅜	7.5
Thalhimer Brothers, Inc. Richmond department store	*11	0.60	9¼	6.5
Third Natl. Bank in Nashville	28	10.00	390	2.6
Third National Bank & Trust Co. (Dayton, Ohio)	95	1.00	34½	2.9
Third National Bank & Trust Co. of Springfield (Mass.)	92	2.30	46	5.0
Thomaston Mills Wide range of cotton products	*16	1.25	20½	6.1
Thompson (H. I.) Fiber Glass Fiberglass, fabricators Hi Temp insulation, fiberglass reinforced plastic parts	10	†0.42	20	2.1
Thomson Electric Welder Co. Electric welding machines	11	2.00	27	7.4
300 Adams Building, Inc. Chicago office building	22	3.00	57	5.3
Thrifty Drug Stores California drug store chain	20	0.725	15⅝	4.6
Time Finance Co. (Ky.) Consumer finance—personal loans	22	0.40	22	1.8
Time, Inc. Publishers of "Life," "Time," "Fortune" & "Sports Illustrated"	26	3.75	65	5.8
Timely Clothes, Inc. Men's suits, coats, etc.	16	1.00	16½	6.1
Tinnerman Products, Inc. "Speed Nuts"	*11	1.80	28	6.4
Titan Metal Mfg. Co. Brass and bronze rods	14	1.20	27	4.4
Title Insurance Co. of Minnesota Title insurance	a49	2.40	50	4.8
Title Insurance Corp. of St. Louis Title insurance	30	1.80	24	7.4
Title Insurance & Trust Co. (Los Angeles) Title insurance	27	1.50	28⅛	5.3
Tobin Packing Co. Meat packer	15	1.00	16	6.3
Tokheim Corp. Gasoline pumps	25	1.35	26¼	5.1
Toledo Trust Co.	23	3.00	102½	2.9
Toro Manufacturing Corp. Power lawn mowers and stationary power tools	10	†0.965	24½	3.9

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Torrington Mfg. Co. Manufactures machinery, blower wheels and fan blades	22	†0.98	21	4.7
Towle Mfg. Co. Sterling silver tableware	40	2.00	26	7.7
Towmotor Corp. Fork-lift truck	12	1.30	26¼	5.0
Townsend Co. Wire products	51	0.90	17½	5.1
Travelers Ins. Co. (Hartford) Life, accident, health	91	1.10	80¼	1.4
Trico Products Corp. Manufacturers of automotive equipment	29	3.00	56¾	5.3
Trinity Universal Insurance Company Diversified insurance	20	2.20	56½	3.9
Troxel Manufacturing Co. Bicycle saddles	14	0.30	10	3.0
Trust Co. of Georgia	27	22.00	635	3.5
Tucson Gas Elec. Lt. & Pwr. Electric and gas utility	39	1.30	32¾	4.0
Twin City Fire Insurance Co. Diversified insurance	31	0.60	18½	3.2
Twin Disc Clutch Co. Clutches and gears	23	4.00	100	4.0
220 Bagley Corp. Theatre and office building	10	1.00	37	2.7
Tyer Rubber Co. Manufacturers of rubber goods	20	0.90	15	6.0
Tyler Refrigeration Corp. Commercial refrigerators	20	0.65	11¾	5.5

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 51.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Uarco, Inc. Business stationery	25	2.45	61¾	4.0
Union Bank & Trust (L. A.)	*32	1.55	40½	3.8
Union Commerce Bank (Cleveland)	14	2.00	43½	4.6
Union Gas System, Inc. Natural gas utility	10	1.32	24½	5.4
Union Manufacturing Co. Chucks, hoists, and castings	17	1.10	17½	6.3
Union Metal Manufacturing Co. Power distribution poles	19	†2.90	58	5.0
Union Natl. Bank in Pittsburgh	*32	1.30	37½	3.5
Union Natl. Bank of Youngstown, Ohio	20	2.25	75	3.0
Union Oil and Gas Corp. of Louisiana, class B Crude oil and natural gas production	52	0.80	63¼	1.3

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Union Planters National Bank of Memphis	27	1.60	46¾	3.4
Union Trust Co. of Maryland	18	2.00	44	4.5
Union Wire Rope Corp. Manufactures wire, wire rope and slings	30	†1.09	22	5.0
United Drill & Tool Perishable metal cutting tools, hard service tools, such as wrenches, and commercial drop forgings	16	1.80	37½	4.8
United Illuminating Co. Connecticut operating utility	57	†1.35	23½	5.7
United Printers & Publ., Inc. Greeting cards	18	†0.29	9	3.2
United States Cold Storage Corp. Car-icing, ice, etc.	15	2.40	30½	7.9
U. S. Envelope Co. Manufacturer of envelopes, paper cups and other paper products	18	1.15	26¾	4.3
U. S. Fidelity & Guaranty Co. Diversified insurance	18	2.00	68¾	2.9
U. S. Fire Insurance Co. Diversified insurance	*47	1.00	25	4.0
United States Loan Society Lends on gold, silver, diamonds and watches	50	0.90	16½	5.5
U. S. Lumber Co. Holding company, land and mineral interests	*49	0.40	4¾	8.4
United States National Bank of Denver	33	2.00	53	3.8
U. S. Natl. Bank (Portland)	58	2.60	65½	4.0
U. S. Radium Corp. Phosphors, industrial radiation sources, dials, panels and nameplates	13	0.55	10	5.5
U. S. Realty & Investment Co. Real estate	16	1.25	24	5.2
United States Testing Co. Research and tests textiles, soaps, oils	22	1.80	10¼	17.5
U. S. Truck Lines (Del.) Inter-city motor carrier	25	1.60	23¾	6.7
U. S. Trust Co. (N. Y.)	103	3.20	65¼	4.9
United Steel & Wire Co. Wire and metal specialties	20	0.30	5¼	5.7
United Utilities, Inc. Holding company	18	1.20	21½	5.6
Universal Match Co. Matches and candy	19	1.425	29¾	4.8
Univis Lens Co. Manufacturer and distributor of multifocal opthalmic lens blanks and eye glass frames	29	0.05	4⅜	1.1
UPSON (THE) CO. Exterior and interior fibre wallboard ● See Company's advertisement on page 47.	16	1.20	16¼	7.4
Upson-Walton (The) Co. Manufactures wire rope, tackle blocks and rope fittings	23	0.60	11¾	5.1

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

Continued on page 50

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Continued from page 48

The State of Trade and Industry

stepped up production of 1958 models.

Last week's car output totaled 22,725 units and compared with 51,552 (revised) in the previous week. The past week's production total of cars and trucks amounted to 28,772 units, or a decline of 32,022 units below that of the preceding week's output, states "Ward's."

Last week the agency reported there were 6,047 trucks made in the United States. This compared with 9,242 in the previous week and 19,926 a year ago.

Last week's car output declined below that of the previous week by 28,827 cars, while truck output decreased by 3,195 vehicles during the week. In the corresponding week last year 59,367 cars and 19,926 trucks were assembled.

Crude Oil Stocks Both Domestic And Foreign Lower in Latest Week

The nation's crude oil stocks declined 802,000 barrels during the week ended Sept. 28, the United States Department of the Interior reported.

The decline, from 283,165,000 barrels in the previous week, brought crude stocks to 282,363,000 barrels. Both domestic and foreign crude inventories shared in the decline, the department added.

The largest week-to-week increase in gasoline stocks since the week ended Feb. 8 occurred last week. This seasonal rise pushed inventories moderately over those of a year ago. There was a 2% increase from the previous week in petroleum output, but a year-to-year decline of 2% prevailed. Bituminous coal output for all of 1957 is expected to reach 500,700,000 tons, up fractionally from 1956.

Lumber Shipments 3.4% Below Output in Past Week

Lumber shipments of 487 reporting mills in the week ended Sept. 28, 1957, were 3.4% below production, according to the National Lumber Trade Barometer. In the same period, new orders were 2.5% above production. Unfilled orders amounted to 30% of stocks. Production was 0.3% above; shipments 8.2% below and new orders were up 7.2% from the previous week and 3.4% below the like week of 1956.

Business Failures Registered Mild Declines the Past Week

Commercial and industrial failures declined slightly to 261 in the week ended Oct. 3 from 278 in the preceding week, according to Dun & Bradstreet, Inc. While casualties were more numerous than last year when 253 occurred and exceeded considerably the 207 in 1955, they dipped 6% below the pre-war level of 279 in the comparable week of 1939.

Failures involving liabilities of $5,000 or more decreased to 217 from 231 in the previous week and 218 a year ago. Although there was a dip among small casualties with liabilities under $5,000, they were modestly above the total for last year. Twenty of the week's failures had liabilities above $100,000 as compared with 25 in the preceding week.

Wholesale Food Price Index Dipped Sharply Lower for Third Consecutive Week

The wholesale food price index, compiled by Dun & Bradstreet, Inc., fell sharply the past week for the third consecutive week. The index dropped to $6.12 on Oct. 1, from $6.17 a week earlier. This drop of 5 cents in the week, added to the sharp declines in the two preceding weeks, placed the index at its lowest level since May 28, when it stood at $6.11. The current figure at $6.12, compares with $6 a year ago, or a rise of 2%.

Higher in wholesale cost last week were hams, sugar, milk, coffee, cocoa, eggs and raisins. Lower were flour, wheat, corn, rye, oats, barley, beef, bellies, lard, cottonseed oil, steers, hogs and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Last Week Registered Lowest Point in 1957

The general commodity price level continued to decline last week. On Sept. 30 the Dun & Bradstreet daily wholesale commodity price index fell to 282.10, the lowest level so far in 1957. The previous 1957 low occurred on May 1, when the index declined to 285.07. The index stood at 286.96 on Sept. 23 and 297.64 a year ago.

Following reports on favorable growing conditions and expanding harvests, most grain prices fell to the lowest levels of the season during the week. Expectations that the crop would exceed earlier

Continued on page 52

Trading Interest in

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Fortune Petroleum
***Automation Instruments, Inc.**
North American Contracting
***New Cornelia Extension Copper Corp.**

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Continued from page 49

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Utah Home Fire Insurance Company Disaster insurance	*23	1.00	28	3.5
Valley Mould & Iron Corp. Ingot moulds and stools	21	3.00	44½	6.7
Valley National Bank of Phoenix	24	1.00	27⅞	3.6
Vapor Heating Corp. Car heating systems	23	3.00	47	6.4
Veedor-Root, Inc. Makes counting devices	23	2.50	50	5.0
Velvet Freeze, Inc. Ice cream	10	0.40	3½	11.4
Victoria Bondholders Corp. New York City real estate	21	25.00	600	4.2
Viking Pump Co. Rotary pumps	23	1.45	30	4.8
Virginia Coal & Iron Co. Owns soft coal land in Virginia and Kentucky	*41	6.50	105	6.2
Vlchek Tool Co. Tools and plastics	22	0.50	9½	5.3
Volunteer State Life Insurance Co. Non-participating only	14	†0.60	58	1.0
Vulcan Mold & Iron Co. Ingot moulds and plugs	23	0.50	8¼	6.1
Wachovia Bank & Trust (Winston-Salem)	21	1.00	45½	2.2
Walker Manufacturing Co. of Wisconsin Auto parts	11	†1.08	35	3.1
Walnut Apartments Corp. Owning and operating apartment house in Philadelphia	10	2.50	43	5.8
Warehouse & Terminals Corp. Warehouses and outdoor storage	11	0.14	2	7.0
Warner Co. Sand, gravel, lime and concrete	11	2.75	46	6.0
Warren Bros. Co. Paving contractors	14	†2.13	56½	3.8
Warren (S. D.) Co. Printing papers & allied products	21	†1.52	40½	3.8
Washburn Wire Co. Wire and springs	18	2.00	29	6.9
Washington National Insurance Co. (Evanston, Ill.) Life, accident and health	34	0.80	65	1.2
Washington Oil Co. Crude oil and gas producer	32	2.25	24	9.4
Waterbury-Farrell Foundry Makes metal working machinery	77	2.00	31½	6.3

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 51.

Watson-Standard Co. Manufacturer of paints, varnishes, industrial coatings, chemical compounds, and distributor of flat glass	22	m0.80	13½	5.9
Weber Showcase & Fixture Store fixtures, soda fountains	10	0.50	7¼	6.9
Wells-Gardner Co. Electronic manufacturer	12	1.00	12¼	8.2
Welsbach Corp., class B Maintenance and installation of street lighting systems	10	0.75	12	6.3
West Coast Telephone Co. Operating public utility	18	1.00	17⅝	5.7
West Chemical Products **Formerly West Disinfecting Co. Name changed March 1957.** Sanitation products	17	0.60	15¼	3.9
West Mich. Steel Foundry Steel and alloy castings	21	1.40	18½	7.6
West Ohio Gas Co. Natural gas distributor	17	0.95	17¾	5.4
West Penn Power Co. Both operating utility and holding company	*34	2.55	48½	5.3
West Point Mfg. Co. Textile manufacturing	70	1.20	17¼	7.0
West Virginia Water Service Wholesale gas; retails water and ice	12	†1.02	19	5.4
Westchester Fire Ins. (N. Y.) Diversified insurance	86	1.20	26¼	4.6
Western Assurance Co. (Toronto) Fire, marine, aviation, auto and casualty	23	2.59	67	3.9
Western Casualty & Surety Company Multiple line, fire & casualty and fidelity and surety bonds	19	1.20	32½	3.7
Western Electric Co. Makes equipment for A. T. & T.	21	2.70	100	2.7
Western Life Insurance Co. Participating & non-participating	48	†0.87	70	1.2
Western Light & Telephone Supplies electric, gas, water and telephone service	14	1.95	33½	5.8
Western Massachusetts Cos. Holding company for an operating electric utility	30	2.20	38¼	5.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
m Includes 20-cent payment on July 1, 1957.

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Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Weyerhaeuser Timber Co. Manufacture and sale of forest products	24	1.10	37	3.0
Whitaker Cable Corp. Manufacturer of automotive cable products	22	0.80	10¾	7.4
Whitaker Paper Co. Paper products and cordage	23	2.75	47	5.9
White & Wyckoff Manufacturing Co. Social stationery & greeting cards	16	0.60	17½	3.4
Whitehall Cement Manufacturing Co. Manufacturer of portland cement	11	†1.58	48	3.3
Whitin Machine Works Textile machinery	70	1.40	21¾	6.4
Whiting Corp. Cranes, hoists, foundry equipment	20	1.00	19	5.3
Whitney Blake Co. Insulated wires and cables	15	†0.49	18	2.7
Whitney Natl. Bk. (New Or.)	72	4.00	328	1.2
Will & Baumer Candle Co. Candles and beeswax	61	1.00	16½	6.1
Willett (Consider H.), Inc. Maple and cherry furniture	*17	0.60	8¼	7.3
Williams & Co., Inc. Supplies for industrial safety, welding, refrigeration, etc.	22	1.50	30	5.0
Williams (The) (J. B.) Co. Manufactures toilet articles	72	0.30	6½	4.6
Wilmington (Del.) Trust Co.	49	8.00	195	4.1
Winters Natl. Bank & Trust (Dayton, Ohio)	*32	1.00	24	4.2
Wisconsin Motor Corp. Air-cooled engines	10	0.60	15	4.0
Wisconsin National Life Insurance Co. Life, accident, sickness and hospitalization insurance	38	0.90	69	1.3
Wisconsin Power & Light Electricity supplier	11	1.28	25¼	5.1
Wisconsin Southern Gas Company, Inc. Operating natural gas public utility	11	†0.95	19	5.0
Wiser Oil Company Crude oil and natural gas producer	42	3.00	48	6.3
WJR The Goodwill Station (Detroit, Mich.) Detroit broadcaster	29	†0.49	11¾	4.2
Woodward Governor Co. Speed controls for engines and propellers	18	1.75	34	5.1
Worcester County Trust Co. (Mass.)	15	2.90	67½	4.3
Wyatt Metal & Boiler Works Sheet and steel plate	26	†1.90	43	4.4
York Corrugating Co. Metal stamping, wholesale plumbing and heating supplies	21	1.40	18¼	7.7
York County Gas Co. Operating public utility	12	2.00	48	4.2
York-Hoover Corp. Manufacturing specialized truck bodies and burial caskets	15	1.00	14	7.1
York Water Co. Operating public utility	*14	1.20	30	4.0
Yosemite Park & Curry Co. Operates hotels, camps and stores	14	0.30	6¼	4.8
Young (J. S.) Co. Licorice paste for tobacco	45	4.50	60	7.5
Youngstown Steel Car Corp. Railroad cars and equipment	18	0.75	19	3.9
Younker Bros. Department stores in Midwest	*10	2.00	34	5.9
Yuba Consol. Gold Fields California gold dredger	48	0.35	4⅞	7.2
Zeigler Coal & Coke Co. Owns mines in Illinois and Kentucky	18	0.95	16¾	5.7
Zonolite Co. Fire proof building materials	13	0.075	2⅞	2.6

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

TABLE II
OVER-THE-COUNTER
Consecutive Cash
DIVIDEND PAYERS
for
5 to 10 YEARS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Alabama Tennessee Natural Gas Co. Pipeline	6	1.20	20½	5.9
Allen (R. C.) Business Machines, Inc. Adding machines, typewriters, etc.	5	0.50	9⅞	5.1
Allied Gas Co. Natural gas distributor	8	1.15	23	5.0
Alpha Beta Food Markets, Inc. California super markets	*7	0.90	17	5.3
American Forest Products Corp. Logging and lumbering	*7	†0.99	26	3.8
American Furniture Mart Building Co. Chicago real estate	8	0.25	25	1.0
American Greetings Corp., Class B Manufacture of greeting cards	7	1.20	20	6.0
American Home Assurance Corp. Diversified insurance	6	1.40	34	4.1
American National Fire Insurance Co. Diversified insurance	9	0.80	17	4.7
American Rock Wool Corp. Mineral wool	6	0.80	12	6.7
Anchor Steel & Conveyor Co. Mechanical conveyor systems	9	0.15	2⅛	7.1
Atlas Finance Co. Auto financing	5	0.70	9¼	7.6
Auto-Soler Co. Manufactures nailing machinery	7	0.20	4⅜	4.6
Bausch & Lomb Optical Co. Optical instruments	5	1.00	22	4.5
Blue Ridge Insurance Co. Diversified insurance	7	1.00	27½	3.6
Bradley (Milton) Co. Games and toys	6	0.75	13½	5.6
Brooklyn Borough Gas Co. Operating public utility	7	0.85	15½	5.5
Capitol Records, Inc. Phonograph records	7	1.00	17	5.9

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Carlisle Corp. Inner tubes, brake lining, bicycle tires, etc.	7	0.55	10	5.5
Carpenter (L. E.) & Co. Manufactures coated fabrics	5	1.10	4	27.5
Cedar Point Field Trust, ctfs. Texas oil wells	7	0.40	6¼	6.5
Chicago Railway Equipment Co. Railway equipment and foundry (malleable)	6	2.00	38	5.3
Churchill Downs, Inc. "Kentucky Derby"	6	1.35	18	7.5
Cleveland Trencher Co. Manufacturer of mechanical trench excavators	8	0.80	12¼	6.5
Cochran Foil Co. Foil rolling, laminating lacquering	9	†0.72	25¼	2.9
Color-Craft Products, Inc. Wall coverings	9	0.30	2¼	13.3
Commercial Banking Corp. Dealer financing	9	0.60	7½	8.0
Commonwealth Telephone Co. (Dallas, Pa.) Telephone service	6	0.80	14⅛	5.7
Conn (G. C.), Ltd. Top manufacturer of band instruments	9	†0.55	13⅞	4.0
Consolidated Freightways, Inc. Motor freight	6	0.80	17½	4.6
Consolidated Rock Products Co. Gravel and sand	5	0.60	14⅜	4.2
Continental Motor Coach Lines, Inc. Kentucky bus service	8	3.50	30	11.7
Cooper Tire & Rubber Co. Tires and tubes	7	0.75	8	9.4
Cosmopolitan Realty Co. Denver hotel	7	18.00	225	8.0
Craddock-Terry Shoe Corp. Shoe manufacturer	8	1.00	21	4.8
Cribben & Sexton Co. Manufacturer of domestic gas appliances	6	0.15	5½	2.7
Cummins Engine Co. Diesel and gas engines	9	†0.90	57½	1.6
De Bardelebon Coal Corp. Bituminous coal	9	8.00	85	9.4
De Laval Steam Turbine Co. Turbines, pumps, etc.	6	1.50	41	3.7
Denver Chicago Trucking Co., Inc. Motor common carrier	7	1.00	21¾	4.6
Dewey Portland Cement Co. Cl. B Portland cement	*8	†0.29	13⅜	2.2
Dulany (John H.) & Son Canned and frozen food	5	0.10	na	--
Eagle Stores Co. Variety chain in South	5	0.45	17¼	2.6
Eastern Industries, Inc. Mfrs. pumps and traffic signals	5	†0.37	19¼	1.9
Equity Oil Co. Crude oil production	9	0.40	36½	1.1

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
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Continued on page 52

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Continued from page 50

The State of Trade and Industry

forecasts resulted in a noticeable decline in soybean futures prices as buying decreased. Corn futures dropped again following the Government announcement that some of this year's crop would be supported at $1.10 a bushel.

Trading in oats and rye slackened and prices fell moderately. Contrary to the general trend in grains, wheat futures prices rose fractionally over those of the preceding week and purchases were sustained at a high level.

Purchases of raw sugar climbed moderately and prices increased somewhat. Refined sugar prices were steady as trading remained at the level of a week earlier. At the end of the week there was a noticeable rise in coffee transactions, boosting prices somewhat. Roasters stepped up their orders as their inventories dwindled.

Although cocoa volume was high at the beginning of the week, wholesale orders slackened at the end of the period. A moderate decline in futures prices was noted. Warehouse stocks of cocoa at New York fell to 300,464 bags, compared with 368,762 bags a year ago.

For the fourth week in a row, hog prices declined sharply last week. Trading improved at the end of the week as receipts fell below those of a week earlier. Steer prices rose moderately as cattle receipts in Chicago fell to the lowest level for any week since last April. Increased purchases of lambs helped prices expand appreciably. Lamb receipts were less than both those of the prior week and the similar 1956 period. Another considerable drop in lard prices occurred.

Cotton futures prices advanced for the second consecutive week. Much of the rise was attributed to unfavorable growing conditions and price fixing. Ginnings to Sept. 16 amounted to about 1,612,000 bales compared with 3,254,000 a year ago. United States exports of cotton in the week ended last Tuesday totaled about 111,000 bales, the same as the preceding week, but below the 183,000 of the corresponding period last year. For the season through Sept. 24, total exports were estimated at 638,000 bales compared with 840,000 bales in the similar period a year ago.

Trade Volume Advanced Slightly Above Preceding Week but Was Fractionally Under 1956 Level

Increased consumer buying of some lines of men's and women's apparel helped boost total retail trade moderately over that of the preceding week, but it was fractionally less than in the similar 1956 week. There were slight year-to-year decreases in purchases of furniture and major appliances. Automobile dealers reported a continued high level of sales of new passenger cars, but inventories were moderately higher than a year ago.

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 and Mountain States +1 to +5%; Pacific Coast 0 to +4%; West South Central —1 to +3%; East North Central and South Atlantic —3 to +1%; Middle Atlantic and East South Central —4 to 0 and New England States —8 to —4%.

Apparel stores reported appreciable gains over both the prior week and a year ago in sales of women's dresses, sportswear and coats. Cold weather stimulated interest in men's topcoats and suits. There was slight decline in volume in children's clothing.

Furniture stores reported declines in sales of bedroom suits and dinette sets last week. While interest in major appliances and television sets lagged, purchase of lamps and lighting fixtures improved. Slight year-to-year gains prevailed in the buying of blankets, draperies and floor coverings.

Apparel wholesalers reported a moderate rise in re-orders for women's cloth coats and better dresses the past week, and volume slightly exceeded that of a year ago. Purchases of women's suits, however, were slightly below those of a week earlier. There was an appreciable gain in the buying of fashion accessories and cruisewear. Interest in men's topcoats and suits was sustained at a high level and the call for men's and boys' slacks rose noticeably during the week.

Some furniture shows helped boost wholesale volume and a moderate rise in bookings in housewares, china, glassware and kitchen utensils occurred. While sales of automatic laundry equipment and gas ranges expanded, volume in refrigerators slackened. There was another rise in the buying of floor coverings, draperies and linens. Buyers continued to boost their purchases of toys and dolls in preparation for the Christmas season.

Textile trading lagged again last week. Transactions in worsted yarns dipped and prices fell somewhat. Wholesalers in Boston and Philadelphia reported a moderate drop in volume in carpet wool. Bookings in cotton gray goods advanced, but trading in carded cotton knitting yarns was sluggish. There was a slight gain in the purchases of wide industrial fabrics.

Total wholesale food volume was close to that of the previous week.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Sept. 28, 1957, showed no change from the like period last year. In the preceding week, Sept. 21, 1957, a decline of 4% was reported. For the four weeks ended Sept. 28, 1957, a decrease of 1% was reported. For the period Jan. 1, 1957 to Sept. 28, 1957, an increase of 2% was registered above that of 1956.

Retail trade sales volume in New York City the past week was unchanged to 2% higher than the level of the corresponding period a year ago, trade observers report.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Sept. 28, 1957, decreased 3% below that of the like period of last year. In the preceding week, Sept. 21, 1957, a decline of 11% was reported. For the four weeks ending Sept. 28, 1957, a decrease of 4% was registered. For the period of Jan. 1, 1957 to Sept. 28, 1957, the index recorded a gain of 3% above that of the corresponding period of 1956.

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Continued from page 51

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Federal Sign & Signal Corp. — Signaling apparatus	9	†1.25	23½	5.3
First-Mechanics Natl. Bank of Trenton	8	1.45	34	4.3
Flour City Ornamental Iron Co. — Ornamental metal work and Aluma Craft boats.	9	0.70	10¾	6.5
Fort Worth Transit Co. — Fort Worth bus service	9	0.50	4¼	11.8
Funsten (R. E.) Co. — Sheller and packer of pecans, walnuts and almonds	7	0.60	9½	6.3
Gamble Brothers, Inc. — Lumber products	7	0.575	6½	8.8
Genuine Parts Co. — Auto parts distributor	9	1.05	26	4.0
Germantown Fire Insurance Company — Fire and allied lines insurance	9	2.50	80	3.1
Gould Pumps, Inc. — Pumps and water systems	9	1.00	32	3.1
Green Mountain Power Corp. — Public utility, electric and gas in Vermont	6	1.00	14⅞	6.7
Greene Cananea Copper Co. — Metal mining	7	3.50	32	10.9
Greenwich Gas Co. — Distributor of natural gas	6	0.70	13¼	5.3
Gregory Industries, Inc. — Stud welding equipment and welding studs	7	†0.39	13½	2.9
Hagerstown Gas Co. — Natural gas supplier	6	0.70	11¾	6.0
Haytian American Sugar Co., S. A. — Sugar production	8	2.00	38	5.3
Hibernia Bank (San Fran.)	9	3.00	62¾	4.8
Home Finance Group, Inc. — Holding company—auto financing	9	0.31	7⅜	4.2
Hubinger Co. — Corn refining	8	0.90	16½	5.5
Hudson Pulp & Paper Corp., Class A — Pulp, paper and paper products	6	1.26	24½	5.1
Indiana Gas & Chemical Co. — Coke	6	0.75	18⅜	4.1
Indiana Limestone Co. — Limestone production	6	0.40	6¾	5.9
INTER-COUNTY TITLE GUARANTY & MORTGAGE CO. — Title insurance	9	5.00	155	3.2
● See Company's advertisement on page 40.				
International Textbook Co. — Printing, publishing and home study schools	6	2.40	45	5.3
Interstate Bakeries Corp. — Baking bread and cakes	9	z1.20	21¾	5.5
Interstate Motor Freight System — Common motor carrier	7	1.00	14¾	6.8
Iowa Electric Light & Power Co. — Operating public utility	7	1.50	27¾	5.4
Jack & Heintz, Inc. — Precision parts for aircraft	6	0.80	11¼	7.1
Jacobsen Manufacturing Co. — Power lawn mowers	5	0.60	7	8.6
Jersey Mortgage Co. — Mortgage banking and real estate	7	3.00	48	6.3
Kaiser Steel Corp. — Leader on Pacific Coast	6	0.40	61	0.6
Kansas City Structural Steel — Buildings, bridges and tanks	9	1.00	18	5.6
Kelling Nut Co. — Edible nuts	5	0.25	5	5.0
Kent-Moore Organization — Service station equipment	9	1.00	14½	6.9
Keyes Fibre Co. — Paper plates, plastic trays, etc.	7	1.20	20⅛	6.0
Keystone Portland Cement Co. — Manufactures cement	7	1.95	32¼	6.0
La Salle Natl. Bk. (Chicago)	9	2.30	53½	4.3
Lakeside Laboratories, Inc. — Pharmaceutical products	9	0.825	43	1.9
Langendorf United Bakeries — West Coast baker	8	†1.10	22	5.0
Macco Corp. — Oilfield construction and maintenance	9	0.60	12¾	4.7
Marmon-Herrington Co. Inc. — Heavy duty trucks; mining equipment	8	†0.42	11⅜	3.7
Maryland Casualty Co. — Diversified insurance	9	1.50	35⅞	4.2
Material Service Corp. — Limestone	5	3.00	265	1.1
McNeil Machine & Engineering Co. — Vulcanizers	6	1.70	50½	3.4
Metals Disintegrating Co. — Metal powders	7	0.40	24	1.7
Mexican Eagle Oil Co., Ltd. Ordinary — Property interests	6	0.52	2¾	18.9
Moore (William S.), Inc. — Retailing	8	†0.09	6	1.5
National Bank of Toledo (Ohio)	8	1.50	39½	3.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
z Rate increased to 35 cents for Oct. 1, 1957 quarter.

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Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
National Gas & Oil Corp. — Natural gas and Pennsylvania grade crude oil	7	1.10	18½	5.9
New England Lime Co. — Lime manufacturing	8	0.50	19	2.6
New Jersey Natural Gas Co. — Operating public utility	6	1.20	27⅞	4.3
N. Y. Wire Cloth Co. — Insect metal screening	5	1.00	13	7.7
Norris-Thermador Corp. — Metal fabricating, appliance manufacturing	7	0.75	14	5.4
Opelika Manufacturing Corp. — Towels and linens	*9	†0.75	14¾	5.1
Packard-Bell Electronics Co. — Radio, TV-electronics; garage door openers; hollow core doors	9	0.50	10	5.0
Palace Corp. — Trailers	5	0.10	1¾	5.7
Pantex Manufacturing Corp. — Laundry equipment	5	†0.68	18½	3.7
Park-Lexington Co. — N. Y. C. real estate	5	10.00	175	5.7
Parker-Hannifin Co. — Formerly Parker Appliance Co. New name adopted Sept. 30, 1957, following acquisition of Hannifin Corp., Des Plaines, Ill. Manufacturer of hydraulic & fluid system components	8	†0.916	22½	4.0
Penn Controls, Inc. — Manufactures automatic electric controls	8	1.20	19¼	6.2
Penn Fruit Co. Inc. — Regional super market chain	5	†0.34	23⅜	1.5
Penton Publishing Co. — Business and technical journals	8	1.12½	20¼	5.6
Perfex Corp. — Manufacturer of heat transfer products	8	1.40	16	8.8
Petersburg Hopewell Gas Co. — Natural gas	5	1.00	20¼	4.9
Pickering Lumber Corp. — California, Louisiana and Texas holdings	9	0.80	10	8.0
Pittsburgh Reflector C., Cl. B — Lighting equipment	*8	0.14	4	3.5
Plastic Wire & Cable Corp. — Plastic-covered wire and cable	5	0.70	26	2.7
Polaroid Corp. — Cameras and films	5	0.50	186	0.3
Pope & Talbot, Inc. — West Coast lumber mills	*9	1.25	28½	4.4
Portable Electric Tools, Inc. — Portable tools	5	0.40	5	8.0
Produce Terminal Cold Storage Co. — Public cold storage warehouse	9	1.00	16½	6.1
Quaker City Cold Storage Co. v. t. c. — Cold storage facilities	7	0.15	8½	1.8
Quaker City Fire & Marine Insurance Co. — Diversified insurance	8	1.00	15	6.7
Queen Anne Candy Co. — Bar and bulk candy	9	0.10	2⅝	3.8
Robbins & Myers, Inc. — Manufacturing motors, fans, hoists & cranes, and pumps	7	3.50	52½	6.7
Rochester Transit Corp. — Rochester, N. Y., bus lines	6	0.40	5¾	7.0
Rogers Corp., Cl. B — Five different fields	5	†0.09	38	0.2
Rothmoor Corp. — Women's coats and suits	9	0.40	4	10.0
Rumford Printing Co. — Magazines	5	1.00	70	1.4
San Miguel Brewery, Inc. (Philippines) — Beer and dairy products	*9	†0.90	11¼	8.0
Seaboard Fire & Marine Insurance Co. (NYC) — Diversified insurance	7	0.90	18	5.6
Security Title Insurance Co. — Title insurance	9	†0.79	20½	3.9
Shedd-Bartush Foods, Inc. — Margarine, peanut products and salad products	7	1.00	19	5.3

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

Continued on page 54

This is not an offer to sell nor a solicitation of an offer to buy. The offering is made by prospectus only.

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Denver & Rio Grande Western Railroad is one of the few railroads which has been doing particularly well this year as compared with last year and preceding years. Its revenue trend in the postwar period consistently has been superior to that of the other carriers of the nations' railroads and also to the roads in the territory in which it operates.

The Denver is one of the few railroads able to show an increase in traffic volume over the like 1956 period, and for the seven months through July it was able to report a gain of more than 9% in operating revenues. As a matter of fact, for the 38 weeks ended Sept. 21, 1957, the Denver was one of the few roads in its district to show improvement in carloadings over the like 1956 period. Its carloadings during this interval amounted to approximately 359,000 cars as compared with 352,000 cars in the like period of 1956. Carloadings for the Central Western District during the same period aggregated about 7,389,000 cars against 7,740,000 cars in the 1956 period.

The favorable long-term traffic and revenue trends have been a tribute not only to the industrial growth of the territory directly served, but also to the strengthening of the carrier's position with respect to through freight as a result of a comprehensive property rehabilitation program. In the current year in particular the company has benefitted from the strong steel demand on the West Coast, as a result of which the operating rate of miles along its lines has been better maintained than the national average.

Better control of operating expenditures has been accomplished through a wide-scale rehabilitation program which has been underway for the past several years. Among these accomplishments have been dieselization, rebuilding of the main line with heavier rail, installation of central traffic control and modernization of yards. The latter two factors have been very important in reducing operating expenses and the per diem charge on freight cars owned by other railroads. These plus other improvements has enabled the Denver to attain a high degree of operating efficiency. In three of the past four years, Denver has been among the select group of rails with transportation ratios of less than 30%. Despite higher wages it is anticipated it will stay in that select group in the current year. It is interesting to note that contrary to the experience of the industry generally, where high wages already have taken their toll, Denver accomplished a further cut of one full point in its transportation ratio during the first seven months through July, 1957 to 29.8%. In addition, the maintenance ratio was held at the same level as in the like 1956 period. During the 1957 period, there was a substantial increase in Federal income tax accruals but even at that earnings per share for the period rose to $3.45 from $2.77 in the 1956 period.

Starting in late August, the road began to feel the benefits of the freight rate increases so that further year-to-year earnings stability seems likely during the balance of 1957. For the full year 1957 it is estimated the Denver will be able to show earnings of around $6.50 a share. Of these earnings probably only about 70 cents a share will represent tax deferrals due to accelerated amortization. In 1956 Denver reported earnings of $5.79 a share which was an all-time record for the reorganized company. For the future, further consistent expansion in earnings power is in prospect, based on the continuing growth of the service area itself and of contiguous territories by connecting carriers. This anticipated expansion in the traffic potential could, in time, be substantially augmented when and if, commercial exploitation of oil shale should become economically feasible. There are believed to be tremendous reserves of this shale in the Denver & Rio Grande Western's territory.

With its favorable traffic background, highly efficient property, conservative capitalization, and adequate finances, the company could well increase the dividend considerably from the present $2.50 annual rate. However, the road for some years has been diverting considerable cash annually to the purchase and retirement of its own stock, which, in the long run, will benefit stockholders more than would an immediate increase in the cash dividend. When the company emerged from reorganization in 1947 it had outstanding 325,313 shares of 5% preferred, convertible share-for-share into common, and 351,677 shares of common. Had there been no retirements, and allowing for the 50% stock dividend of 1953 and the 3-for-1 split in 1955, there would now be 3,046,445 shares of common outstanding. Actually, as of the end of July, 1957, there were outstanding only 2,104,936 shares of common, the preferred having been eliminated by call and forced conversion a number of years ago. Without retirements, the $7 earnings considered possible this year would come to only $4.85 a share. Considering the strong position of the road, the excellent territorial outlook, and the virtual certainty of an eventual substantial increase in the present dividend, the shares of this company at this time represent an exceptional investment opportunity.

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Continued from page 10

Overcoming Financial Squeeze In the Airlines Industry

figure was in fact a princely $76,-000,000 or 2.6% on operating expenses of $2,947,000,000. The provisional figures for 1956 indicate a margin of about 1.5% on operating expenses of $3,350,000,000 which is a less favorable result and amounts to an operating margin of $50,000,000. Subsequent revision may well indicate a slightly higher figure, but I do not think that is of fundamental importance. We are still within a 2% order of magnitude, if that is the right term to be applied.

I give these figures because they illustrate a condition that is currently endemic in the airline industry — we have no room to turn, we are caught in the great financial squeeze as costs rise faster than revenues. Every businessman could immediately suggest half a dozen ways in which the situation could be remedied, but he would be somewhat aghast if he found that none of these was open to the airlines and that the solution to their dilemma was not in their hands since they are not in a position to control the price of their product.

Over the past 10 years the price of every product and service an airline uses has increased, but fares have gone down. We cannot claim credit for all of this. Immediately after the war we were not a very efficient industry, since we were operating with military aircraft converted into civil use and were groping our way towards the efficient handling of aircraft operations and traffic on a scale undreamed of before the war. But after the first few years, increases of efficiency had to be worked for hard and did not come automatically with increased traffic. We hope that we can go on being more efficient every year, but we are no longer able to offset every cost increase in this way. In the last year in particular, the relentless forces of inflation have again got under way and, regretfully but in accordance with sound business principles, we have tried to pass on this increase to the users of air transport. Yet we have not been allowed to do so and have had a lot of figures thrown at us to show why we do not deserve it.

I should like to talk at some length about this battle of figures and to show what they mean to the air transport industry. As a rough indication of profit we often quote operating profit, which is the difference between operating revenues and operating expenses. This figure provides a margin of about 2% over operating expenses, but the fact that it is the most easily available yardstick disguises the fact that it it very often misleading. On a worldwide basis it might be good enough, but to each individual airline the important figure is the net profit, which is arrived at after taking into account fixed interest obligations, development costs, and profit or loss on subsidiary operations. If the airline does show a net profit it is subject to heavy taxation and only what is left is available for distribution to shareholders. If the airline suffers net losses, it may have to fall back on government aid.

A major re-equipment program such as the one being undertaken at present will not at first affect operating expenses or revenues and therefore operating profits. At such a time, the already narrow operating profit margin is a very inadequate measure of the needs of the industry and more than ever overstates its wealth. Basically, re-equipment is a capital operation and the various financial processes involved are shown "below the line." The capital is borrowed to pay for the equipment and some of that is required in cash as advances to manufacturers. A long term plan has to be prepared at the same time in order to satisfy the lenders that funds will be available for payment of interest and repayment of capital at specified intervals of time. But these funds can only be obtained year by year out of provisions for depreciation and net profits.

Therefore, from the point of view of the investor, whether he is government or private, the indication of the future prospects of the industry is the relationship of net profit to capital invested. The management have a two-fold approach. On the one hand, operating profits give them an indication of how the airline is doing as a provider of transport service; on the other hand, the ratio of net profit to investment gives an indication of how the airline is doing as a business enterprise. The latter yardstick also enables investors to compare the financial soundness of the air transport industry with that of other industries.

There is however, one further factor which has to be taken into account and that is the relationship between annual revenue and capital invested. In some industries, capital invested is very small in proportion to revenue and a small operating profit brings it a large rate of return on investment. In others, in particular such public utilities as railroads and electric power industries, the capital invested exceeds many times the annual revenues and a higher rate of profit in relation to revenues produces a very low rate of return on capital invested.

Now the air transport industry, when compared with other public service industries is a smaller user of capital. Currently its capital invested is about half its annual revenues and even after its heavy re-equipment program, the ratio is unlikely to go beyond one to one. It would seem therefore that there should be no difficulty in providing a rate of return on capital which is sufficient to attract investors. An operating profit margin of 5% in relation to revenues should currently provide a 10% rate of return on investment. It is true that as an industry we do not make 5%, but some of our more fortunate members do. The trouble is that such a narrow margin is subject to fluctuations and these fluctuations are greatly magnified when related to capital invested. Thus in the example quoted a drop of 1% in operating revenues would cause a 20% reduction in operating profit related to revenues, but a 40% reduction in the rate of return on investment. Sound policy would accordingly look for a way to protect the financial structure of the industry both from fluctuations in operating profit and from their magnified impact on the rate of return on capital invested. Such a policy can only be followed by allowing the airlines to accumulate reserves which would even

Continued on page 56

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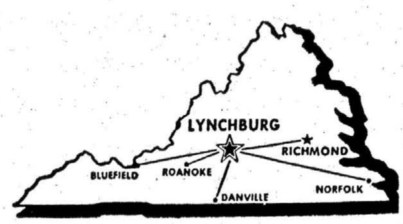

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Continued from page 53

Fabulous Over-The-Counter Market: Where Trading Starts and Never Ceases

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1957 $	Quotation June 28, 1957	Approx. % Yield Based on Paymts. to June 30, 1957
Smith-Alsop Paint & Varnish Co. — Paints and varnishes	9	1.55	24	6.5
Smith (T. L.) Co. — Concrete mixing equipment	7	0.20	15	1.3
Snyder Tool & Engineering Co. — Special machinery	5	†0.38	17¼	2.2
Sommers Drug Stores Co. — Retail drug store chain	7	0.40	6	6.7
Sorg Paper Co. — Sulphite, kraft and rag papers	7	0.775	11¼	6.9
South Jersey Gas Co. — Natural gas	5	1.45	27	5.4
South Texas Development Co. Class B — Oil royalties	*7	4.00	73	5.5
Southdown Sugars, Inc. — Operates Louisiana sugar plantation	9	0.15	47½	0.3
Southeastern Public Service — Natural gas supplier	9	†0.72	11	6.5
Southern Nevada Power Co. — Electric utility	6	1.00	19	5.3
Southern Utah Power Co. — Operating public utility	6	1.00	18	5.6
Southland Paper Mills, Inc. — Newsprint	6	2.00	143	1.4
Southwestern Engineering Co. — Diversified operations	5	0.70	10	7.0
Spartan Mills — Cloths and sheetings	7	1.25	34½	3.6
Standard Commercial Tobacco Co. — Tobacco merchandising	5	0.15	5¼	2.9
Standard Paper Manufacturing Co. — Sulphite bonds & coated papers	6	5.75	53½	10.7
Stern & Stern Textile, Inc. — Silk, rayon and nylon fabrics	9	0.70	9½	7.4
Stuart Co. — Pharmaceutical manufacturer and distributor	8	†0.60	25¼	2.4
Stubnitz Greene Corp. — Manufactures spring seats for trucks, cars and buses, motor control switches and vinyl plastisols	7	†0.47	13¼	3.5
Stuyvesant Insurance Co. — Auto and marine insurance	9	0.25	30¼	0.8
Suburban Gas Service, Inc. — Petroleum gases	7	0.93	20½	4.5
Superior Separator Co. — Materials-handling equipment	5	0.60	18	3.3
Tejon Ranch Co. — California land holdings	8	0.60	19	3.2
Television-Electronics Fund, Inc. — Open-end mutual invsetment co.	8	0.92	12⅝	7.3
Tennessee Natural Gas Lines, Inc. — Pipe lines	7	0.55	12	4.6
Texas Eastern Transmission — Operates natural gas pipelines	7	1.40	25¾	5.4
Texas Gas Transmission Corp. — Natural gas pipeline	5	†0.99	20⅞	4.7
TITLE GUARANTEE AND TRUST COMPANY (N. Y.) — Title insurance ● See Company's advertisement on page 38.	5	1.20	20	6.0
Transcontinental Gas Pipe Line Corp. — Interstate natural gas pipeline system	5	0.975	18⅝	5.2
Union Lumber Co. — California redwood	9	1.25	54	2.3
U. S. Life Insurance Co. — Life, accident and health	6	0.14	34¼	0.4
United States Sugar Corp. — Sugar production	6	1.15	23¾	4.8
Upper Peninsular Power — Electric public utility	9	1.60	27¾	5.8
Utah Southern Oil Co. — Oil and gas producer	9	0.55	16½	3.3
Vanity Fair Mills — Lingerie	*9	1.00	17	5.9
Virginia Hot Springs, Inc. — Resort hotels	8	2.50	34	7.4
Vulcan Corp. — Wood heels, bowling pins, etc.	7	0.78	9¾	8.0
Warner & Swasey Co. — Machine tools, earth moving machines, textile machinery, etc.	7	2.20	32½	6.8
Washington Steel Corp. — Stainless steel	8	1.25	26¼	4.8
Waverly Oil Works Co. — Oils, greases and soaps	7	0.50	10⅝	4.7
Welex Jet Services, Inc. — Services oil wells	7	†0.60	30½	2.0
Wiggin Terminals, Inc., v.t.c. — Boston harbor	9	1.25	24	5.2
Wisconsin Hydro Electric Co. — Operating public utility	9	1.00	16	6.3
Wolf & Dessauer Co. — Fort Wayne department store	9	0.75	10¼	7.3
Wyckoff Steel Co. — Cold finished steels	8	†1.46	23¼	6.3

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

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Difference Between Listed and Over-the-Counter Trading

The exchange market is often referred to as an auction market because a stock exchange provides a focal point for the concentration of bids and offerings of potential purchasers and sellers for all securities listed on it. Genuine auction marketing in a security cannot be maintained, however, unless there is sufficient activity in it.

In those cases where less active securities are traded on an exchange, it devolves upon the stock specialist for each particular stock to create a market, in the absence of sufficient public orders to buy or sell, by, in effect though not in strict parlance, putting in an order for his own account. In other words, if you wanted to sell 100 shares of XYZ stock and the specialist had no order from anyone else to buy that stock, he himself would be expected to enter a reasonable bid on his own.

The continuity of any market thus created is largely dependent upon his financial resources and his willingness to thus risk his own money.

The Over-the-Counter Market

On the Over-the-Counter Market the situation is quite different. Here there are a tremendous number of dealer firms from coast to coast that interest themselves in making a market for unlisted and some listed stocks and bonds. Most of them can communicate with each other instantaneously through private telegraph wires or other facilities at their disposal.

Thus many over-the-counter dealer-brokers, in New York, for instance, will be doing business throughout the day with other dealer-brokers in Boston, New Orleans, Chicago, St. Louis, Denver, Los Angeles, San Francisco, Seattle and other cities from coast to coast. As an integral part of their operations dealer-brokers stand ready to buy and sell substantial quantities of the securities they are "quoting" and maintain inventories in them. Some firms, of course, choose to act solely as brokers and not dealers.

Because of competition, the spread between the bid and the asked figures on more active stocks is quite narrow. In less active stocks the over-the-counter dealer must find contra-orders if he does not wish to assume inventory positions in the securities involved. It is his business to know which other dealers in all parts of the country might have a buying interest in a given security.

One, five, ten, fifty or more over-the-counter dealers in different parts of the country may interest themselves in "making a market" for a given unlisted security. Prospects known to the first dealer, or known to those other dealers he contacts (either locally or in other cities), may often include individuals who are believed to have a buying or selling interest in the instant security, or investors who might be induced to buy.

The process of constantly seeking out buyers and sellers is characteristic of the Over-the-Counter Market.

A major characteristic, too, of the "counter" market is negotiation. If a gap in price exists after a prospect is found, the transaction does not die. Instead negotiation ensues. The mere existence of a buy or sell order is the incentive for the "counter" dealer to find the opposite. The Over-the-Counter Market thus has no physical limitations.

As a practical matter, though, individuals in any city of 100,000 or more can frequently pick up a phone and call a dealer-broker and get an execution on an order for an unlisted security momentarily—often while the call is progressing.

Some "Counter" dealers sell directly to investors themselves. In other cases they may have a dealer following throughout the country consisting of retail firms that are always looking for securities that present good values to sell to their investor clientele.

Numerous exchange firms also deal in over-the-counter securities and any that do not must buy from or sell to an over-the-counter dealer to execute customers' orders for unlisted securities.

Many listed securities, too, are sold over-the-counter when the blocks are too large to make a quick orderly sale on an exchange possible.

An investor need not concern himself with the intricacies enumerated above, since his dealer-broker will obtain current market quotations on any over-the-counter stock or bond, and handle all details of purchase and sale.

The longer trading day in the Over-the-Counter Market is often a distinct advantage to the investor. On an exchange, securities can only be sold in New York between the hours of 10:00 and 3:30; in the Midwest between 9:00 and 2:30, and on the West Coast between the hours of 7:00 and 2:30. However, in most instances unlisted securities can be sold any time between 9:00 and 5:00 in the Midwest, and on the West Coast it's even longer than that. Dealer-brokers in the Over-the-Counter Market there are on the job from 7:00 in the morning until 5:00 in the afternoon.

Stock Exchange Commission Rates vs. Counter Dealer Charges

When an exchange-broker executes an order for you in an exchange-listed stock, he tells you the cost price as well as the amount of his commission on your confirmation slip. On the other hand the over-the-counter dealer more often than not buys from and sells to you "as principal" or on a "net" basis as it is termed in the parlance of the securities business. This means his profit or loss is included in the price he quotes you and there is no commission charge shown on his confirmation. The over-the-counter dealer usually acts just as a merchant does in other lines of business. In other fields when you buy a set of dining room furniture, a fountain pen or what have you, the merchant sells it to you at a flat price and does not add any commission thereto. So with the "counter" dealer.

It is true that exchange commission rates more often than not are lower than the profit rates over-the-counter dealers are obliged to operate on. An important reason for this is the fact that the services of the over-the-counter dealer, besides frequently necessitating his taking the risk of an inventory position, include the extensive searching for matching bids and offers from potential buyers and sellers.

When a security is taken from the Over-the-Counter Market and listed on a stock exchange, over-the-counter dealers ordinarily lose interest in it, for they cannot make a profit trading in it at rates comparable to the commission charges of exchange firms. Though the "counter" dealers' profit rates may be somewhat higher, they may afford investors "better" prices than the less expensive service of exchanges.

Values

For one thing, the basic fact is that the price of over-the-counter stocks is not swollen by the premium the public is ordinarily willing to pay for exchange-listed securities. Then, too, active listed stocks and the exchange stock ticker system provide a ready vehicle for speculation and tend to center buying and selling decisions on short-term price swings in lieu of "real economic values." Many apparently buy stocks according to hoped-for price movement and not for true investment purposes, their interest being merely "where is the price going and when."

The mere fact that under the "exchange auction-specialist system" the spread between bid and ask prices is close or narrow is no indication that the investor gets good value when he buys or that the seller obtains a price in keeping with the intrinsic value of the stocks he wishes to sell. Intelligent investors are quick to recognize the fact that prices and values are two totally different things.

As pointed out before, the assumption of inventory positions is an integral part of the over-the-counter dealers' task. They must take the initiative in assuming such positions. Although they must be aware of and responsive to the foibles of their customers, they cannot without unwarranted hazard buy securities for inventory pur-

Continued on page 56

THE

REPUBLIC NATIONAL LIFE INSURANCE COMPANY

DALLAS, TEXAS

is moving ahead by leaps and bounds

New Life Insurance Issued during first 8 Months of 1957	Gain in Life Insurance in Force during first 8 Months of 1957	Total Life Insurance in Force as of 8/30/57
$460,000,000.00	**$292,000,000.00**	**$1,460,000,000.00**

As of December 31, 1956, Republic National Life was number 59 among all Life Insurance companies in amount of life insurance in force. The company will have Two Billion in force on or before the end of 1959.

REPUBLIC NATIONAL LIFE INSURANCE COMPANY

DALLAS

Theo. P. Beasley, President & Chairman of the Board

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Continued from page 55

poses unless they take cognizance of basic economic values.

Basic economic values may appear somewhat elusive, but they are nonetheless real. They consist of mathematical and non-mathematical elements. Some insights as to the real value of a stock may be gained by checking such things as its earnings and dividend records, book value and liquidating value. But the first three of these are tied to the past, and subject to the fact that accounting is an inexact science. And liquidating value may be largely of academic significance, if the corporation is going to continue in existence. The anticipated future average annual net income of a corporation may be capitalized numerically, but not without reference to many non-numerical concepts. These include the acumen, initiative, imagination and forcefulness of the officers and directors of the corporation. Speculation as to how the present and possible future products of a corporation will fare on the markets may be handled numerically only to a certain extent.

When an individual consistently purchases stocks without regard to basic economic values, he may at times make money, but sooner or later he will book losses. And although he may remain "in the market" for an extended period, he cannot do so after his capital is exhausted.

Inventory Positions

So it is with the over-the-counter dealer. If he habitually assumes inventory positions at prices out of line with basic economic values, the economic forces will in due time exhaust his capital and drive him from the scene. For survival he must be cognizant of the elements, listed above, which are determinants of the real value of the securities in which he is taking inventory positions. His prices cannot consistently be out of line with real values. Particularly in regard to the non-numerical elements which go into the making of the real value of a security in which he is to assume a position, he must, as a general rule, have knowledge superior to that of the lay trader.

Therefore, an important contribution of over-the-counter dealers who take important inventory positions results from the fact that their market pricing must be influenced definitely by intrinsic corporate value factors. They must stress value consciousness over quotation consciousness.

Officers and directors of the 14,000 banks and the major insurance companies of the country when buying or selling their own institution's stock for their own account do so almost entirely through over-the-counter dealers. Investment officers, of these institutions, too, are continually buying and selling government, municipal and corporation bonds and stocks through "counter" dealers for the account of their banks and companies.

Just as you get good or indifferent treatment and values from both large and small stores in other lines of business, so it is with over-the-counter dealers. It is not necessary for a firm to have a million dollars to be thoroughly trustworthy and to have good judgment with respect to investment values. Just be sure the over-the-counter firm or individual dealer you contemplate doing business with has a good reputation.

It is no exaggeration to say that both exchanges and the Over-the-Counter Market are vital to our economic life. Through the medium of stocks and bonds, idle capital of individuals, banks, institutions and the like flows into trade and industry and makes it possible for business to obtain the wherewithal with which to provide jobs for ever more workers at ever less human effort and at ever more remuneration. Savings thereby become an asset to society and not a problem. The beauty of it is that the capital needs of both big and small business alike can be thus served.

If it were not for the exchanges and Over-the-Counter Markets, investors of all types would find it almost impossible to quickly retrieve the capital they put at the disposal of governments, municipalities or corporations. This is one of the many reasons why it is socially important that those engaged in the investment business thrive.

Continued from page 54

Overcoming Financial Squeeze In the Airlines Industry

out the fluctuations in profits. Yet these reserves can in the first place only be obtained through an adequate operating profit margin.

Government Regulation

But this is where government regulation steps in and proceeds to apply to the airline industry principles of finance and rate policy which are currently applied to public utilities with heavy capital investment and with revenues which are only a fraction of that capital. In any industry of that category, a rate of return of under 10% on capital invested permits them to obtain a very much higher operating profit in relation to revenues. In the air transport industry the same principle holds down the operating profit to a very precarious margin between revenues and expenses. Further, while fluctuations in the fortune of public utilities have much smaller repercussions on their rate of return, air transport is affected in the reverse way. Its narrow profit margin is very difficult to maintain consistently over a period of years since it is very sensitive to unforeseen increases in costs, to the expense of introducing new types of aircraft or to a short-lived, but unpredictable decline in traffic. Any of these slight disturbances can wipe out the operating profit and endanger the remuneration of capital.

Here then lies the paradox. The air transport industry, despite its heavy capital commitments is still in the category of those public services which require relatively lower capital investment than some other public utilities. This should make their financial problems easier since a given amount of operating profit would give them an equitable and adequate return on investment. However, their problems are in danger of being made insoluble because government regulation fails to take into account the volatile nature of the profit margin and does not recognize the need for a fare structure, which would, in the long run and with some degree of certainty, provide an average rate of return on investment which is adequate to remunerate capital in the industry and attract new capital when it is needed.

On top of all this, the system of government regulation which restricts us to inadequate returns on investment and unduly low fare levels, adds insult to injury by superimposing its own accounting system on the financial returns of every airline. The purpose of this process, which I might call regulation by evisceration, is to demonstrate that the airlines are in fact making sumptuous profits and fabulous rates of return. The process involves going through airline accounts with a toothcomb, disallowing certain items and adjusting others, all of them in such a way as to inflate the operating profit and to shrink the capital base. Accordingly, certain expenses are disallowed—a fine gesture, but how is the airline to get the money back? Other expenses are recalculated in accordance with preconceived, abstract ideas which have nothing to do with airline practice. This has been applied, for example, to depreciation and since this item provides a very important source of funds for replacing equipment, the juggling of accounts has struck a heavy blow at the financial soundness of the industry. Once the operating profit has been inflated, a shrinking process is applied to the capital worth of the industry by revaluing certain items or excluding others as irrelevant for the computation of the rate of return.

These pranks might be as amusing as the many other attempts which have been made by outside amateurs and theoreticians to show how the air transport industry should be run. Unfortunately such behaviour in a government agency has far more serious results. The power they wield, if used irresponsibly, may well bring the air transport industry into serious difficulties and may even force it to fall back on public aid in those parts of the world where it is proud of the fact that by its own efficiency and initiative it has become self-supporting and equal in credit standing to any other industry. Accordingly government regulation would have to bear its share of responsibility—and it is a heavy one—for a shortsighted policy which refuses to let the airlines operate on sound business principles and to allow them to adjust fares to their proper economic level.

Is it too late to appeal to those governments in whose hands lies the future of the air transport industry not only in their own countries but all over the world to adopt a sound and realistic approach to the problems of air transport? Such an approach would be based on the problems of air transport alone and not on its apparent but erroneous similarity to other forms of industry currently under government regulation. We acknowledge of course the principle that air transport as a public service should be under some degree of government supervision. But having accepted this much, is it too much to hope that the governments will treat us as adults, as an industry which has made its way in the teeth of many problems and difficulties and is on the threshold of the great promise of the jet age? I think there is enough evidence to justify that claim and to say that despite misunderstandings and setbacks we have pursued the aim of bringing the cost of air transport within the reach of the common man. That is and will be our principal objective and we have worked towards it both by providing newer and better types of aircraft and by varying the fares to suit the types of traffic. We have by and large held the line in fares in dollars and cents while the cost of every other commodity and earnings in and out of the industry were rising. Now we are heading for the jet age and we have found that simultaneously two things have happened. On the one hand rising prices have caught up with us and we no longer are able to hold the line we have held for so many years. On the other hand we are being prevented from making fare adjustments where our economic situation most requires it. Yet we are not asking for a great increase—a few per cent at the most—so as to provide a certain substance to our narrow profit margin and to make sure that, even as operating revenues rise, it remains no more than a constant infinitesimal percentage. This does not mean that we have set aside the policy of developing new low fares to attract the currently untapped strata of the travel market. But it does mean that we are trying to lift the whole rate structure just a fraction higher. That little fraction means all the difference in the world between an industry developing soundly and an industry floundering into deficit and in danger of having to fall back on public aid.

If we can hold on to our little margin and allow it to keep pace with our expanding capital obligations, I am confident that we shall enter the jet era as a sound industry and we shall be ready to take the next jump whenever that may happen. For the time being the position is rather uncertain. Many airlines have committed themselves to re-equipment with jets. They have undertaken financial obligations which require them to have adequate funds available for repayment of interest and capital over a period of years. They have evidently been able to satisfy the lenders that traffic will continue expanding at a rate fast enough to bring the money in, and I hope their calculations will not be upset because of negative government regulation which does not allow them to pass on increases in cost and which play havoc with their depreciation funds. If the strictness of government regulation were tempered with a little understanding, it would be much easier for the airlines to operate as business enterprises without leaning on the taxpayer and to offer the public, individually and collectively, the best bargain going today that money can buy.

Both governments and IATA Members have had the same thoughts, the same objectives, namely to reduce fares and rates; and that is why, to put it bluntly, we are in a financial mess with revenues and traffic mounting and net rewards diminishing. It is only the world wide IATA network of highly efficient traffic regulations and procedures which has made it possible for fares and rates to keep steadily coming down during a decade of inflation. Governments and IATA have cooperated to the limit to achieve these reductions and they are today, as they have been during the whole post-war period, the best friends of the travelling public and the shipper of goods.

Commonwealth Edison Pfd. Stock Offered

The First Boston Corp. and Glore, Forgan & Co. yesterday (Oct. 9) headed a group of underwriters offering publicly 250,000 shares of Commonwealth Edison Co. 5.25% cumulative preferred stock at par ($100 per share) plus accrued dividends.

The new preferred will not be redeemable prior to Nov. 1, 1967 through debt or preferred stock refunding at a lower interest or dividend cost. Otherwise, it will be redeemable at the option of the company at prices ranging from $107 if redeemed before Nov. 1, 1962 to $102 if redeemed on or after Nov. 1, 1972.

Net proceeds from the sale of new preferred stock will be applied by the company toward its construction program which is expected to cost approximately $650,000,000 over the four years 1957-60. Of this amount, it is estimated that approximately $370,000,000 will be provided out of (a) cash resources at the end of 1956, (b) the net proceeds of sales in 1957 of $50,000,000 in first mortgage bonds and approximately 60,000 shares of common stock to employees, and (c) earnings not distributed in cash, depreciation accruals and other provisions over the four-year period. This would leave about $280,000,000 to be provided through the sale of additional securities of which the present offering of new preferred stock is a part.

Commonwealth Edison Company is engaged in the production, purchase, transmission, distribution and sale of electricity in a territory having an area of approximately 11,000 square miles and an estimated population of 6,500,000. It includes Chicago, an area of approximately 221 square miles with an estimated population of 3,750,000. The company at June 30, 1957 had about 1,919,000 customers.

For the 12 months ended June 30, 1957, electric operating revenues of the company totaled $370,414,874 and net income $51,693,223. This compares with electric operating revenues of $360,106,248 and net income of $49,260,055 for the calendar year 1956.

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Continued from page 12

The Long-Term Business Outlook

structure and personality of the American economy enumerated above make us invulnerable to a business collapse characterized by a prolonged period of mass unemployment like that of the '30's, it is nevertheless our contention that the economy will always be susceptible to occasional inventory recessions of the 1949 and 1953-54 variety. The reason for this is that in a free economy such as ours, where businessmen try to anticipate price movements, production and consumption will from time to time get out of kilter and stocks will pile up on shelves and in warehouses. Fortunately, adjustments of this type are by their very nature self-liquidating and of relatively short duration. The changes in our modern economy of which we have spoken have also tended to make our recent business shakeouts milder than they might otherwise have been. Witness the effect of a tax reduction and the operation of the other stabilizers in bolstering consumer income in early 1954.

The Long-Term Outlook for Industrial Production

On the supposition that periodic business snags may temporarily sidetrack, but will not derail, the growth forces presently discernible in the economy, we are now in a position to estimate the prospective expansion in industrial output. The magnitude of industrial production in any particular future year will depend on three factors, which we will examine in turn: (1) the size of the labor force (which is dependent on the growth and age distribution of the population), (2) the length of the work-week, and (3) the increase in productivity.

Population and the Labor Force

The growth of the United States is inextricably intertwined with the growth in its population. Our human resources are perhaps our most valuable national asset, for they are at one and the same time a great pool of labor and a tremendous consumer market.

As a nation, one of our biggest failings has been our inability to recognize our potential. Ever since the Great Depression, the Bureau of the Census, the official forecasting agency, has consistently underestimated population increases by sizeable margins. Although the Bureau now attempts to "insure" future accuracy by making a wide range of forecasts, to this day it persists in its bias toward low population projections. It appears likely that its latest and most optimistic estimates for 1965 and 1975 will fall a trifle short of the mark.

While we do not pose as experts in this field, we take a more sanguine view of population prospects, and we believe a more realistic one, than the Census Bureau. On the basis of recent demographic trends—birth rates, death rates, etc. — we anticipate that population will mushroom from its present level of around 170 million to a total of 195 million in 1965. In other words, we think population will jump 25 million during an eight-year span — a growth in number equivalent to the present combined population of New York and Illinois. By 1975, the nation's head count should top 230 million.

Undoubtedly, the annual gain in poulation will be more pronounced in the years following 1960 than in the years immediately ahead. Currently, births and marriages are on a plateau. This is understandable, since it is the lean baby crop of the '30's which is now of marrying age. When, as will soon happen, the large number of wartime children begin to marry and rear families of their own, the birth rate will probably start up again and a huge new baby boom will be under way. Already reflected in the high postwar birth rate is the trend toward the three-child family, and this phenomenon promises to continue.

Thus, over the next two decades, and especially during the 1965-1975 period, we can expect to welcome a record number of new citizens. We shall also witness, in my opinion, a spectacular growth in family formations and in the number of households. These developments will have an explosive economic impact.

However, it should be realized that the significance of population growth as an economic force lies not only in its numerical or quantitative importance but in its qualitative potency. The interest and demands of the populace are shaped in large measure by its age composition and its location. Whim and fancy, too, are products of a people's time and temper. Industry, if it is to take advantage of the opportunity and meet the challenge offered by these growth prospects, should attempt to anticipate some of these changes from both the labor and marketing standpoints.

Certain of these trends are readily ascertainable. We are already aware of several broad population movements — regional migration, rural to urban resettlement, and city to suburban relocation—but most of us have not yet accommodated our thinking to what an acceleration of these trends would mean. Of immediate interest for the purpose of our present survey is knowledge of the population's future age structure, because we would then be able to determine the size of our manpower reservoir at any given time.

As a matter of fact, the age distribution of the population in 1965 or 1975 can be predicted with a fair degree of reliability, since we do know the current breakdown and the only major variable we have to forecast is the newborn each year. Armed with this information, we recognize the apparent fact that in the years immediately ahead our population will become more heavily weighted at the extremes of the age scale and that the number of people of working age will become a smaller percentage of the total population. Not until the early '60's will this labor imbalance begin to right itself.

According to our calculations, between now and 1960 the growth in the labor pool (persons 14 to 65) and in total employment, the most fundamental requisite on the labor side for a high level of output, will be a very modest 3%. A relatively rapid improvement beyond 1960 is indicated by expected labor pool and employment gains over the 1957 level of 11%, 20% and 30% for 1965, 1970 and 1975, respectively.

The Length of the Future Work-Week

The second major variable to consider in appraising the prospective expansion of industrial production is the length of the work-week. Whether the number of hours men toil will be lessened during the next two decades is a question in the realm of both sociological and economic conjecture.

Undeniably, the drive for a shorter work-week is under way and it has been given impetus now that Mr. Reuther has taken up the cudgels for a 4-day week. We have every reason to suppose that, during the next few years, a shorter work-week will become a serious union goal. Yet the obstacles in the way of lopping off a full day each week from the work calendar in the near future seem almost insurmountable. It would be well to remember that it required the entire span of human history to overcome the ingrained custom of working six days a week. It is extremely difficult to believe that we shall do as much again in the next 10 or 20 years.

The more likely avenue toward continued attenuation of the work-week is through a further shortening of the *work-day*, though this objective of the unions is also attended by more problems than appear on the surface. In the first place, the 40-hour week has the sanction of law, and therefore has the human inertia against changing one of our fundamental statutes on its side. The law making overtime payment mandatory after 40 hours has been in operation nearly 20 years, yet no successful campaign has been organized to modify its overtime provisions. In the second place, the practical difficulty in continuous-process industries of breaking the day down into anything other than 8-hour shifts militates strongly against the general adoption of a 7-hour factory day, and a 6-hour day must be regarded as highly improbable within the forecast period.

All things considered, it is our opinion that the 40-hour work-week will almost certainly still be in vogue in 1960 and will quite probably remain the common practice through 1975. Nevertheless we shall base our estimates of physical production on the assumption that average hours worked per week will descend in a straight line from the 40 of today to 35 hours, or a 5-day week of 7 hours per day, by 1975. More than likely, this is an over-generous concession to the trend toward a shorter work-week.

The Future Increase in Labor Productivity

The last of the trio of factors in the industrial production mix to be evaluated is labor productivity. We are fortunately on fairly solid ground in endeavoring to assess the prospects in the area of labor productivity. Granted that the upward trend in this field has sometimes been interrupted, there is little question that management ingenuity over the long pull will find ways of improving production techniques as rapidly if not more rapidly than in the past.

Labor efficiency at the factory level has more than doubled in the course of the past 30 years. Reciprocally, man-hours per unit of output have ben more than cut in half in that period of time. This amounts to an annual rate of improvement of roughly 2⅝% per year, a rate which accords very well with the generally accepted figure of 2-3%. It is nevertheless worthy of note, though we do not make any case of it, that the rate of improvement would assuredly have ben greater than 2⅝% had it not been for the intervention of World War II, which arrested the development normally to be expected in civilian production techniques. To all intents and purposes, 1940-48 was a lost weekend so far as the otherwise continuous improvement in technology is concerned.

It might also be argued that industrial research has become a full-fledged business within the last decade or so and that, whereas most improvements in technique were accidents in years gone by, it is now an accident when they are not developed by design. Many experts on the subject are confidently predicting an accelerated improvement in labor productivity on the basis of the phenomenal growth in research expenditures, but for our purposes a continuation of the historical growth of only 2⅝% per year will be assumed in the calculation of industrial production in future years.

The Future Level of Industrial Production

If our conservative projections of the major growth trends prove to be reasonably accurate—that is, if the employed labor force increases around 11% by 1965 and 30% by 1975; if hours worked per week decline about 5% in 1965 and 12% by 1975; and if output per man-hour expands approximately 23% by 1965 and 60% by 1975—then we can expect total industrial production to be about 30% larger in 1965 and over 75% greater in 1975. Expressed in terms of the F. R. B. index of industrial production (1947-49=100), which averaged 144 in first half 1957, physical output would jump to 185 in 1965 and to 255 in 1975.

These projections of industrial production represent, in effect, a forecast of the rate at which our *real* national income will increase in future years. They likewise express our estimates of the future behavior of consumption or sales, though in a less perfect way because of the tendency of production and consumption to get out of balance for short periods of time.

Price Trends to 1975

While thus far we have dealt exclusively with physical trends and purposely avoided the question of price, the subject of inflation is of such concern that no long-term survey could be complete without some mention of future price trends. Unfortunately, the outlook in this area is not especially encouraging.

Wage inflation is a simple but undeniable fact. The crux of the matter is that the primary determinant of price is labor costs, which constitute, directly and indirectly, about two-thirds of total manufacturers' costs. Therefore it is perfectly reasonable to expect that any appreciable increase in unit labor costs will, sooner or later, be translated into higher prices. This is exactly what has taken place.

Powerful trade unions have met little resistance from industry in securing wage gains in excess of productivity improvements. In turn, industry's cost increases have been passed on to the consumer in the form of higher prices. In a full employment economy the demand for workers is such that the pressure of wage competition is felt throughout the ranks of labor and thus wage hikes make a complete round, rarely compensated for by a proportionate growth in output.

If we are to be realistic about the future of prices, it must be recognized that there is no hope of arresting the process of perpetual, creeping inflation unless the tradition of an annual round of wage increases 1% or 2% in excess of the improvement in labor productivity is somehow brought to a halt.

Conclusions Regarding the Long-Term Outlook

The major conclusions which emerge from our look into the future are the following:

(1) The economy is unlikely to suffer any severe depression or prolonged siege of mass unemployment. Business will, however, be susceptible to occasional inventory recessions which may slow down but will not divert long-term growth trends.

(2) By 1975 the economy will be one-and-three-quarter times its present size.

(3) There will be a slow but inexorable rise in the general average of prices amounting to 1-2% per year, unless the annual round of wage increases is moderated to the point where it squares with the improvement in output per man-hour.

Continued from page 24

News About Banks & Bankers

elected President of the bank in 1932, a position he held until July 1, 1955, when Central National merged with The County Trust Company. Mr. Couzens participated in the growth of the Central National Bank from an institution with resources of less than $1 million and one office to a bank of more than $30 million in resources and four offices.

Mr. Couzens has been a director of the **First National Bank of Yonkers, N. Y.**

* * *

State Representative Thomas J. Rogers, a retired Trust Officer of the **Connecticut Bank and Trust Company, Hartford, Conn.**, died on Oct. 3 at the age of 69.

* * *

The First National Bank of Princeton, N. J., increased its common capital stock from $400,000 to $500,000 by a stock dividend and from $500,000 to $600,000 by the sale of new stock effective Sept. 25. (Number of shares outstanding—6,000 shares, par value $100.)

* * *

Lewis M. Crompton, a Vice-President of the **Philadelphia National Bank, Philadelphia, Pa.**, died on Oct. 3. Mr. Crompton was 64 years old.

* * *

SOCIETY FOR SAVINGS IN THE CITY OF CLEVELAND, OHIO

	Sept. 30,'57	June 30,'57
	$	5
Total resources	316,206,929	323,426,125
Deposits	283,001,899	290,950,612
Cash and due from banks	16,953,912	18,010,595
U. S. Govt. security holdings	74,697,512	80,227,943
Loans & discounts	181,964,862	185,506,312

* * *

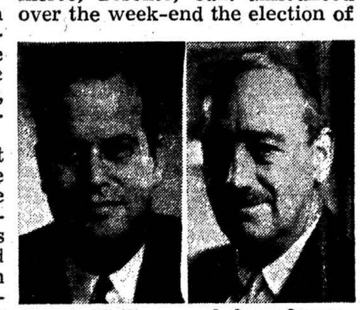
Girard Trust Corn Exchange Bank, Philadelphia, plans to open an office at Stenton Avenue and Washington Lane on Oct. 28.

* * *

The El Dorado National Bank, El Dorado, Kan., increased its common capital stock from $100,000 to $300,000 by a stock dividend effective Sept. 24. (Number of shares outstanding — 30,000 shares, par value $10.)

* * *

The Canadian Bank of Commerce, Toronto, Can. announced over the week-end the election of



Hon. R. H. Winters J. Grant Glassco

Robert H. Winters and J. Grant Glassco to the bank's Board of Directors.

Mr. Winters was Canadian Minister of Public Works from September 1953 to June 1957 and was previously Minister of Reconstruction and Supply and Minister of Resources and Development. He is now President of **The Rio Tinto Mining Company** of Canada Limited and a director of Crown Life Insurance Company.

Mr. Glassco is Executive Vice-President and a director of **Brazilian Traction Light and Power Company Limited** and a director of National Trust Company Limited, Canadian Cottons Limited and Canadian Corporate Management Company Limited.

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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.

★ **Alabama National Life Insurance Co.**
Oct. 2 (letter of notification) 37,783 shares of common stock (par five cents). **Price**—$3 per share. **Proceeds**—To selling stockholders. **Office**—Bessemer, Ala. **Underwriter**—Joe S. Hanson, 794 Navy Bldg., Pensacola, Fla.

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.

★ **Aluminum Tubing Co., Jacksonville, Fla.**
Sept. 26 (letter of notification) 38,060 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To purchase and place in operation pipe mill equipment. **Office**—2961 Old Kings Road, Jacksonville, Fla. **Underwriter**—None.

★ **American & Foreign Power Co., Inc. (10/29)**
Oct. 7 filed 185,000 shares of common stock (no par). **Price**—To be related market price on the New York Stock Exchange at time of public offering. **Proceeds** — To Electric Bond & Share Co. **Underwriters**—Lazard Freres & Co. and The First Boston Corp., both of 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.

★ **American Telephone & Telegraph Co. (10/29)**
Oct. 3 filed $250,000,000 of 26-year debentures due Nov. 1, 1983. **Proceeds**—For advances to subsidiary and associated companies; for purchase of stock offered for subscription by such companies; for property additions and improvements; and for general corporate purposes. **Underwriter** — To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly). **Bids**—To be received at Room 2315, 195 Broadway, New York, N. Y., up to 11:30 a. m. (EST) on Oct. 29.

★ **A M I, Inc., Grand Rapids, Mich.**
Oct. 4 filed 114,323 shares of common stock (par $3), with warrants, to be offered for subscription by common stockholders at the rate of one new share for each four shares held. **Price**—$9 per share. Warrants entitle holder to purchase one additional share at $10 per share for each share subscribed for. **Proceeds**—To retire 5% mortgage note, 5% unsecured notes and to reduce bank loans. **Underwriter**—None. Cage Trust, a trust organized under the laws of the State of Liechtenstein, has agreed to purchase any unsubscribed shares.

Anita Cobre U. S. A., Inc., Phoenix, Ariz.
Sept. 30 filed 85,000 shares of common stock. **Price**—At par ($3.75 per share). **Proceeds**—For investment in subsidiary and working capital. **Underwriter**—Selected Securities, Inc., Phoenix, Ariz.

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.

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.

★ **Burns (H. C.) Co., Inc., Oakland, Calif.**
Oct. 3 (letter of notification) $150,000 of 5% debentures due Oct. 1, 1972 (convertible at rate of $100 of debentures for 10 common shares). **Price**—At par. **Proceeds**—For working capital. **Office**—1122 E. 8th St., Oakland, Calif. **Underwriter**—None.

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**—To be received up to 9:30 a.m. (PDT) on Oct. 14, at American Trust Co., 464 California Street, San Francisco 20, Calif.

★ **Camco, Inc., Houston, Texas (10/28-31)**
Oct. 7 filed 84,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans; for capital expenditures; and for increased inventory and working capital. **Underwriter**—Lee Higginson Corp., New York.

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.

Canadian Prospect Ltd., Calgary, Canada
Sept. 27 filed 4,851,810 shares of common stock (par 16⅔ cents) to be offered in exchange for capital stock of Canadian Export Gas Ltd. on the basis of 2½ Canadian Prospect shares for each Canadian Export share, subject to acceptance by holders of at least 80% of Canadian Export shares outstanding. **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.

★ **Caruso Foods, Inc. (10/29)**
Oct. 3 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For working capital, etc. **Business**—Spaghetti, macaroni, etc. products. **Office**—2891-99 Nostrand Ave., Brooklyn, N. Y. **Underwriter** — Anglo-American Securities, Inc., New York.

★ **Carpenter Paper Co., Omaha, Neb.**
Oct. 2 filed 20,000 shares of common stock (par $1) to be offered to selected officers and employees of company and its subsidiaries.

Carter-Jones Drilling Co., Inc.
Sept. 27 filed 300,000 shares of capital stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and other indebtedness; to participate in the acquisition and exploration of oil properties in joint venture arrangements with other companies in which the company does not propose to retain more than a 25% interest or assume more than 25% of the risk; and for general working capital. **Office**—Kilgore, Tex. **Underwriter**—None.

★ **Centex Petroleum Corp., Ft. Worth, Texas**
Sept. 30 (letter of notification) 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incidental to start of operations. **Underwriter**—None.

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.
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.
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. **Offering**—Expected at any time.

● **Coastal Ship Corp. (10/15-17)**
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.

★ **Commonwealth Income Fund, Inc.**
Oct. 7 filed (by amendment) an additional 750,000 shares of common capital stock (par $1). **Price** — At market. **Proceeds**—For investment. **Office**—San Francisco, Calif.

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. (10/17)
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. (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.

Cooperative Grange League Federation, Inc.
Sept. 27 filed $600,000 of 4% subordinated debentures due Jan. 1, 1966; 10,000 shares of 4% cumulative preferred stock par $100; and 150,000 shares of common stock (par $5). **Price**—At principal amount or par value. **Proceeds**—To finance inventory purchases, to make capital loan advances to retail subsidiaries; to reduce bank loans; and for working capital. **Office** — Ithaca, N. Y. **Underwriter**—None.

● **Cormac Photocopy Corp. (10/11-14-15)**
Sept. 24 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—80 Fifth Ave., New York, N. Y. **Underwriter**—Ross, Lyon & Co., Inc., New York.

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.

★ **Dayton Power & Light Co. (11/6)**
Oct. 8 filed $25,000,000 of first mortgage bonds due 1987. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth & Co., Inc., The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Lehman Brothers. **Bids**—

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Tentatively expected to be received up to 11 a.m. (EST) on Nov. 6.

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.

★ **Dow Chemical Co. (11/4)**
Oct. 3 filed 200,000 shares of common stock (par $5) to be offered for subscription by employees of the company, its subsidiaries and certain associated companies. Subscriptions will be accepted by the company from Nov. 4 through Nov. 22. **Price**—To be announced by company on Oct. 22. **Proceeds**—For general corporate purposes. **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.

Empire Sun Vally Mining Corp. (11/4)
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.
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. (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. **Office** — Leominster, Mass. **Underwriter** — Wertheim & Co., New York.

★ **Foster Grant Co., Inc., Leominster, Mass.**
Sept. 27 (letter of notification) 12,500 shares of common stock (par $1) to be offered under employees' stock purchase plan to employees of the company and of Fosgood Inc., whose salary exceeds $4,200. **Proceeds** — For capital construction program. **Office**—289 No. Main St., Leominster, Mass. **Underwriter**—Wertheim & Co., New York.

★ **Fuller Brush Co., Hartford, Conn.**
Oct. 2 (letter of notification) 2,922 shares of 4½% cumulative non-convertible non-voting first preferred stock to be offered for subscription to employees and dealer organizations. **Price**—At par ($100 per share). **Proceeds**—For general corporate purposes. **Office**—3580 Main St., Hartford, Conn. **Underwriter**—None.

General Aniline & Film Corp., New York
Jan. 14 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1). **Proceeds**—To the Attorney 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 Portland Cement Co. (10/23-24)**
Oct. 3 filed $15,000,000 subordinated debentures due Oct. 1, 1977 (convertible on or before Oct. 1, 1967). **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for construction program. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York.

★ **General Telephone Corp.**
Oct. 1 filed 301,995 shares of common stock (par $10) to be offered pursuant to terms of stock plan to employees and certain officers of corporation and of its majority owned North American subsidiaries.

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.

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

Continued on page 60

NEW ISSUE CALENDAR

October 10 (Thursday)
Strato-Missiles, Inc. ____ Common
(Kesselman & Co.) $300,000
Toledo Terminal RR. ____ Bonds
(Bids noon EDT) $6,000,000

October 11 (Friday)
Cormac Photocopy Corp. ____ Common
(Ross, Lyon & Co., Inc.) $300,000

October 14 (Monday)
California Oregon Power Co. ____ Bonds
(Bids 9:30 a.m. PDT) $10,000,000
Continental Screw Co. ____ Common
(Lee Higginson Corp.) 300,000 shares
Reading Tube Corp. ____ Common
(Emanuel Deetjen & Co.) 100,000 shares
Ulrich Manufacturing Co. ____ Debentures & Com.
(White & Co.) $600,000 debentures and 30,000 common 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
Siegler Corp. ____ Common
(William R. Staats & Co.) 300,000 shares
Southern New England Telephone Co. ____ Common
(Offering to stockholders—no underwriters) 1,400,000 shares
Walworth Co. ____ Debentures
(Paine, Webber, Jackson & Curtis; Butcher & Sherrerd; and Townsend, Dabney & Tyson) 400,000 shares

October 16 (Wednesday)
Pennsylvania Power Co. ____ Bonds
(Bids 11 a.m. EDT) $8,000,000

October 17 (Thursday)
Consumers Power Co. ____ Debentures
(Offering to common stockholders—to be underwritten by Morgan Stanley & Co.) $35,156,760
Tucson Gas, Electric Light & Power Co. ____ Common
(Blyth & Co., Inc. and The First Boston Corp.) 200,000 shares

October 18 (Friday)
Federation Bank & Trust Co. ____ Common
(Offering to stockholders—no underwriting) $2,496,900
Intra State Telephone Co. ____ Common
(Offering to stockholders—no underwriting) $490,000

October 21 (Monday)
Nuclear Science & Engineering Corp. ____ Common
(Hayden Stone & Co.) 100,000 shares
Roach (Hal) Productions ____ Common
(S. D. Fuller & Co.) $1,125,000

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
General Portland Cement Co. ____ Debentures
(Merrill Lynch, Pierce, Fenner & Beane) $15,000,000
Public Service Co. of New Hampshire ____ Bonds
(Bids 11 a.m. EDT) $8,000,000
Public Service Co. of New Hampshire ____ Common
(Kidder, Peabody & Co. and Blyth & Co., Inc.) 262,890 shares
Taylor Instrument Companies ____ Common
(Offering to stockholders—underwritten by The First Boston Corp.) 99,195 shares
Williams Brothers Co. ____ Common
(Reynolds & Co., Inc.) 400,000 shares

October 25 (Friday)
Woodbury Telephone Co. ____ Common
(Offering to stockholders—no underwriting) 3,533 shares

October 28 (Monday)
Camco, Inc. ____ Common
(Lee Higginson Corp.) 84,000 shares
Norfolk & Western Ry. ____ Equip. Trust Ctfs.
(Bids noon EST) $4,000,000
Otter Tail Power Co. ____ Debentures
(Offering to stockholders—underwritten by Halsey, Stuart & Co. Inc.) $5,220,600
Parker-Hannifin Corp. ____ Common
(Kidder, Peabody & Co.) 130,000 shares
Time Finance Corp. ____ Debentures
(Coffin & Burr, Inc.) $750,000

October 29 (Tuesday)
American & Foreign Power Co. Inc. ____ Common
(Lazard Freres & Co. and The First Boston Corp.) 185,000 shares
American Telephone & Telegraph Co. ____ Debentures
(Bids 11:30 a.m. EST) $250,000,000
Caruso Foods, Inc. ____ Common
(Anglo-American Securities, Inc.) 150,000 shares
Johnson Service Co. ____ Common
(Bids 11 a.m. EDT) 3,600 shares

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.) $7,500,000
Southern Pacific Co. ____ Equip. Trust Ctfs.
(Bids noon EST) $6,000,000

November 4 (Monday)
Dow Chemical Co. ____ Common
(Offering to employees. No underwriting) 200,000 shares
Empire Sun Valley Mining Corp. ____ Common
(John Sherry Co.) $200,000

November 6 (Wednesday)
Dayton Power & Light Co. ____ Bonds
(Bids 11 a.m. EST) $25,000,000
Merrimack-Essex Electric Co. ____ Bonds
(Bids to be invited) $20,000,000

November 7 (Thursday)
California Interstate Telephone Co. ____ Common
(William R. Staats & Co.) 150,000 shares
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
United States Coconut Fiber Corp. ____ Common
(Southeastern Securities Corp.) 735,000 shares

November 15 (Friday)
Savannah Electric & Power Co. ____ Bonds
(Bids 11 a.m. EST) $6,000,000

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

November 20 (Wednesday)
Houston Lighting & Power Co. ____ Bonds
(Bids to be invited) $30,000,000 to $40,000,000

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) $4,500,000

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Continued from page 59

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 due 1972 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. The offer is conditioned upon its acceptance by holders of at least 85% of the 27,549 outstanding preferred shares. **Exchange Agent** — Howard, Weil, Labouisse, Friedrichs & Co., New Orleans, La.

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.

★ **Hartford Electric Light Co.**
Oct. 8 filed $2,400,000 of 3% secured debentures, series A, due Aug. 1, 1967, to be offered in exchange for 3% first and general mortgage bonds, series D, due May 1, 1982, of Connecticut Power Co. on a par-for-par basis. **Underwriter**—None.

Holy Land Import Corp., Houston, Texas
Feb. 27 (letter of notification) 100,000 shares of common stock. **Price**—At par ($3 per share). **Proceeds**—For inventory, working capital, etc. **Underwriter**—Benjamin & Co., Houston, Tex.

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 Co. is 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. Ltd. is 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 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.

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.

● **Intra State Telephone Co. (10/18)**
Sept. 27 filed 4,900 shares of common stock to be offered for subscription by common stockholders on the basis of one new share for each two shares held of record Oct. 18, 1957; rights to expire on Dec. 16, 1957. **Price**—At par ($100 per share). **Proceeds**—To reduce bank loans. **Office**—Galesburg, Ill. **Underwriter**—None.

Israel-Mediterranean Petroleum, Inc. of Panama
Sept. 27 filed voting trustees covering 1,000,000 shares of common stock (par one cent). **Price**—At the market on the American Stock Exchange. **Proceeds**—For exploratory drilling and development of presently licensed acreage and for acquisition of additional acreage. **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. Statement later withdrawn.

Ketchum & Co., Inc., New York City
Sept. 27 filed 210,000 shares of common stock (par $1), of which 43,000 shares are to be offered for account of the company and 167,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes, including carrying of larger inventories. **Business**—Wholesale drugs. **Underwriter**—To be named by amendment.

"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.

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.

★ **Merrimack-Essex Electric Co. (11/6)**
Oct. 2 filed $20,000,000 of first mortgage bonds, series B, due Nov. 1, 1987. **Proceeds**—For redemption of bonds of Lawrence Electric Co., for payment of three-year debenture bond dated March 30, 1956 of Lowell Electric Light Corp.; and for payment of short term notes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Eastman Dillon, Union Securities & Co. (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—To be opened on Nov. 6.

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.

★ **Missouri Utilities Co.**
Oct. 7 filed 25,135 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each 12 shares held. **Price**—To be supplied by amendment. **Proceeds**—Together with funds from private sale of $800,000 5¾% first mortgage bonds, series C, to be used to retire bank loans and pay for property additions and improvements. **Underwriter**—Edward D. Jones & Co., St. Louis, Mo.

Molybdenum Corp. of America
Aug. 14 filed 196,994 shares of common stock (par $1) and six-year stock purchase warrants to buy an additional 196,994 shares of common stock being offered for subscription by common stockholders in units of one share and one warrant for each seven shares held as of Sept. 27, 1957; rights to expire on Oct. 18, 1957. **Price**—$21.25 per unit. The stock purchase warrants will be exercisable at $30 per share. **Proceeds**—For expansion program. **Office**—Grant Bldg., Pittsburgh, Pa. **Underwriter**—None.

Monticello Associates, Inc.
Feb. 18 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds** — For capital expenditures, including construction of motel, roadside restaurant and gas station. **Business**—Has been processing and selling of gravel. **Office**—203 Broadway, Monticello, N. Y. **Underwriter**—Walnut Securities Corp., Philadelphia, Pa.

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.

★ **Mountain States Life Insurance Co.**
Sept. 30 (letter of notification) 33,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For capital and surplus. **Address** — P. O. Box 2302, Colorado Springs, Colo. **Underwriter**—None.

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.

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.
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.**
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. **Offering**—Indefinitely postponed.

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.

● **Nuclear Science & Engineering Corp. (10/21-25)**
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.

● **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 being offered to present stockholders and 9,000 shares are 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.

Ohio Power Co. (11/19)
Sept. 30 filed $25,000,000 first mortgage bonds due 1987. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; 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.

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.

★ **Otter Tail Power Co. (10/28)**
Oct. 4 filed $5,220,600 of 5¼% convertible debentures due Nov. 1, 1967, to be offered for subscription by common stockholders of record Oct. 25, 1957 on the basis of $100 of debentures for each 14 common shares held; rights to expire on Nov. 12. **Price**—At par. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Halsey, Stuart & Co. Inc., of Chicago and New York.

Palestine Economic Corp., New York
Sept. 26 filed 130,000 shares of common stock. **Price**—At par ($25 per share). **Proceeds**—For participation in further development of Israel industry; for capital improvements; for extension of cooperative and other banking credit; for financing of export to Israel; for investment in stock of two companies; and for working capital and other corporate purposes. **Underwriter**—None.

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Pan-Israel Oil Co., Panama
Sept. 27 filed voting trust certificates covering 1,000,000 shares of common stock (par one cent). **Price**—At market on the American Stock Exchange. **Proceeds** — For exploratory drilling and development of presently licensed acreage and for acquisition of additional acreage. **Underwriter**—None.

★ **Parker-Hannifin Corp., Cleveland, O. (10/28-31)**
Oct. 7 filed 130,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and other debt and for working capital. **Underwriter**—Kidder, Peabody & Co., New York.

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.

★ **Pep-So Co., Denver, Colo.**
Sept. 30 (letter of notification) 2,886,400 shares of common stock. **Price**—At par (10 cents per share). **Proceeds** —For plant expansion and other corporate purposes. **Office**—1223 Wazee St., Ft. Worth, Tex. **Underwriter**—None.

★ **Pleasant Valley Oil & Mining Corp.**
Sept. 30 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds** — For geological studies, reserve for contingent liability, for machinery and equipment and other reserves. **Office** — 616 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Steven Randall & Co., Inc., New York.

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**—To be received up to 11 a.m. (EDT) on Oct. 23 at Boston, Mass.

Public Service Co. of New Hampshire (10/23)
Oct. 1 filed 262,890 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to repay bank loans and for construction program. **Underwriters**—Kidder, Peabody & Co. and Blyth & Co., Inc., both of New York.

Putnam Growth Fund, Boston, Mass.
Oct. 1 filed 500,000 shares of beneficial interest in the Fund. **Price** — At market. **Proceeds** — For investment. **Underwriter** — Putnam Fund Distributors, Inc., Boston, Mass.

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.

★ **Rapid Electrotype Co., Cincinnati, Ohio**
Oct. 2 filed $6,500,000 of 7% sinking fund subordinated debentures due Nov. 15, 1967, to be offered in exchange for common stock of American Colortype Co. at rate of $40 of debentures for each Colortype common share. The offer will expire Nov. 14, 1957, unless extended, and shall become effective whenever it has been accepted by holders of 40,000 Colortype common shares, but may be declared effective as to all or any lesser number of such shares. Electrotype already owns 125,787 shares (52.66%) of the outstanding Colortype common shares. **Underwriter**—None.

● **Reading Tube Corp. (10/14)**
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 (10/21-25)**
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) being offered to common stockholders of record Sept. 30 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., Roanoke, Va. **Underwriter**—None.

● **Rockland Light & Power Co.**
Sept. 18 filed 28,096 shares of convertible cumulative preferred stock, series C, being 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.

Rotor Tool Co.
Sept. 25 (letter of notification) 1,278 shares of common stock (par $1) to be offered to stockholders of record on Oct. 10, 1957 on the basis of one new share for 30 shares held; rights to expire Nov. 9, 1957. **Price** — $38.50 per share. **Proceeds**—For general corporate purposes. **Office** —26300 Lakeland Blvd., Cleveland, Ohio. **Underwriter**—None.

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.

★ **San Diego Gas & Electric Co. (10/31)**
Oct. 8 filed 375,000 shares of cumulative preferred stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

★ **San Diego Gas & Electric Co. (11/7)**
Oct. 8 filed $12,000,000 of first mortgage bonds, series G, due 1987. **Proceeds**—To repay bank loans. **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. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Kuhn, Loeb & Co. **Bids**—Expected to be received up to noon (EST) on Nov. 7.

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.

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.

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.

Signet Distilleries Ltd., Regina, Canada
Sept. 27 filed 250,000 shares of 7% deferred cumulative redeemable preferred stock (par $10) warrants to purchase and 250,000 shares of common stock to be offered in units of one share of each class of stock. **Price**—$10 per unit. Warrants are to be initially exercisable at $1 per common share. **Proceeds**—For distillation equipment; cost of building and land; and for working capital and other corporate purposes. **Underwriter**—Regent Securities Ltd., Regina, Canada.

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 (21.6%) of Southern capital stock. **Underwriter** —None.

★ **Standard Steel Products Manufacturing Co.**
Oct. 3 (letter of notification) $165,000 of 7% 10-year debentures and 11,000 shares of common stock (par $2.50) to be offered in units of $30 principal amount of debentures and two shares of stock. **Price**—$45 per unit. **Proceeds**—For equipment and working capital. **Office** —2836 S. 16th St., Milwaukee, Wis. **Underwriter**—The Milwaukee Co., Milwaukee, Wis.

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. (10/17)
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.

Taylor Instrument Companies (10/23)
Oct. 1 filed 99,195 shares of common stock (par $10) to be offered for subscription by common stockholders of record Oct. 22, 1957 on the basis of one new share for each four shares held; rights to expire on Nov. 7, 1957. **Price**—To be supplied by amendment. **Proceeds** — To retire short term bank loans and for working capital and general corporate purposes. **Office** — Rochester, N. Y. **Underwriter**—The First Boston Corp., New York.

★ **Templeton & Liddell Fund, Inc.**
Oct. 7 filed (by an amendment) an additional 8,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Office**—Englewood, N. J.

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.

★ **Time Finance Corp., Norwood, Mass (10/28-31)**
Oct. 8 filed $750,000 of convertible subordinated debentures, series A, due Oct. 1, 1969. **Price** — At 100% of principal amount. **Proceeds**—To reduce bank loans and for general corporate purposes. **Underwriter**—Coffin & Burr, Inc., Boston, Mass.

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.

Tucson Gas, Electric Light & Power Co. (10/17)
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. (10/14-18)
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. **Office**—Roanoke, Ill. **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.

★ **United Funds, Inc., Kansas City, Mo.**
Oct. 4 filed (by amendment) an additional 1,500,000 shares of United Accumulative Fund (par $1). **Price**—At market. **Proceeds**—For investment.

● **United States Coconut Fiber Corp. (11/14)**
Sept. 30 filed 735,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—For expansion program and other corporate purposes. **Office**—Washington, D. C. **Underwriter** — Southeastern Securities Corp., New York.

Universal Winding Co.
Sept. 25 (letter of notification) $300,000 of 5½% subordinate convertible debentures to be offered for subscription by common stockholders of record Oct. 4, 1957, on the basis of $100 of debentures for each 100 shares of stock held. **Price**—At par. **Proceeds**—For working capital. **Office** — 1655 Elmwood Ave., Cranston, R. I. **Underwriter**—None.

Continued on page 62

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Continued from page 61

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.

● **Walworth Co., New York City (10/15-16)**
Sept. 25 filed $8,000,000 of 6% convertible subordinated debentures due 1979. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for expansion and general corporate purposes. **Underwriters**—Paine, Webber, Jackson & Curtis, New York; Butcher & Sherrerd, Philadelphia, Pa.; and Townsend, Dabney & Tyson, Boston, Mass.

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.

Williams Brothers Co., Tulsa Okla. (10/23)
Sept. 25 filed 400,000 shares of common stock (par $1), of which 100,000 shares are to be offered for account of the company and 300,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Underwriter** — Reynolds & Co., Inc., New York.

Woodbury Telephone Co., Woodbury, Conn. (10/25)
Sept. 23 (letter of notification) 3,533 shares of common stock to be offered for subscription by common stockholders of record Oct. 25, 1957 on the basis of one new share for each three shares held; rights to expire Nov. 22, 1957. **Price**—At par ($25 per share). **Proceeds**—To repay all short term bank notes and for construction program. **Underwriter**—None.

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.

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.

● **California Interstate Telephone Co. (11/7)**
Sept. 20 it was reported company plans to issue and sell 150,400 shares of common stock. **Proceeds**—To repay about $750,000 of bank loans and for construction program. **Underwriters**—William R. Staats & Co., Los Angeles, Calif. **Registration**—Expected Oct. 15.

★ **Caterpillar Tractor Co.**
Oct. 9 it was announced company plans to issue and sell $65,000,000 of sinking fund debentures. **Proceeds**—To finance plant expenditures and increase working capital. **Underwriter**—Blyth & Co., Inc., New York.

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.

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.

★ **Commonwealth Oil Refining Co.**
Oct. 7 it was reported company plans to raise $20,000,000 prior to Dec. 15, 1957, probably through the sale of an issue of convertible subordinated debentures, either publicly or privately. **Underwriter** — The First Boston Corp., 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.
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.

Florida Power & Light Co.
Sept. 30 it was reported company plans to issue and sell about $15,000,000 to $20,000,000 of new securities sometime in November or December of this year. Class of financing not yet determined. **Underwriter** — (1) For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); The First Boston Corp. (2) For common stock: Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (3) Preferred stock may be placed privately.

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. (11/20)
Sept. 30 it was reported company plans to offer between $30,000,000 and $40,000,000 first mortgage bonds. **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. **Bids** — Tentatively scheduled for Nov. 20. **Registration**—Expected to Oct. 24.

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.

★ **International Bank for Reconstruction & Development**
Oct. 4 it was announced Bank proposes to make an offering of $75,000,000 23-year 4¾% bonds. **Proceeds**—For general operations of the bank. **Underwriters**—Morgan Stanley & Co. and The First Boston Corp., both of New York.

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.

Johnson Service Co., Milwaukee, Wis. (10/29)
Sept. 30 it was announced bids will be received up to 11 a.m. (EST) on Oct. 29 at the Department of Justice, Office of Alien Property, 101 Indiana Ave., N. W., Washington 25, D. C., for the purchase from the Attorney General of the United States of 3,600 shares of capital stock (par $5) of this company (representing less than one-half of 1% of the number of shares outstanding. **Business**—Manufactures automatic temperature and air conditioning control systems.

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

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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 first mortgage bonds, series J. **Proceeds**—To refund $12,000,000 of series C bonds due Jan. 1, 1958 and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co. Inc. (jointly); W. C. Langley & Co. and Smith, Barney & Co. (jointly).

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.

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).

Montreal Metropolitan Commission
Sept. 26 it was reported an issue of bonds may be publicly offered in the United States. The Commission rejected a bid of 92.64% for an issue of $6,376,000 of 20-year bonds with an interest rate of 5½%. **Underwriter**—May be determined by competitive bidding. Probable bidders: Lehman Brothers, White, Weld & Co., Eastman Dillon, Union Securities & Co., and Blyth & Co., Inc. (jointly); Shields & Co., Halsey, Stuart & Co. Inc., Savard & Hart and Salomon Bros. & Hutzler (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.

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 Water Service Co.
Sept. 26 it was reported company to issue and sell in November an issue of $1,500,000 convertible subordinated debentures. **Underwriter**—McDonald & Co., Cleveland, Ohio. **Registration** — Expected in about two or three weeks.

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.

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.

Pittsburgh & Lake Erie RR. (10/15)
Bids are to be received by the company up to noon (EDT) 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.

Plantations Bank of Rhode Island
Sept. 30 Bank offered 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.

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. **Proceeds** — For construction program. **Underwriter**—May be Merrill Lynch, Pierce, Fenner & Beane, New York.

★ Quebec Hydro-Electric Commission
Oct. 7 it was reported that the company may be considering a proposal to raise between $30,000,000 and $50,000,000 additional funds this year. **Underwriters**—The First Boston Corp. and A. E. Ames & Co., both of New York.

Ritter Finance Co.
Sept. 3 it was reported company plans debenture and common stock financing. **Underwriter** — Stroud & Co., Philadelphia, Pa.

★ Royal Dutch Petroleum Co.
Oct. 3 it was announced company plans early in 1958 to raise between Fls.800 million and Fls.1,000 million (equivalent to $211,000 and $263,000,000) through a "rights" offering to stockholders. **Price** — To be governed by market conditions prevailing at time of issue. **Proceeds**—For capital expenditures.

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.

★ Savannah Electric & Power Co. (11/15)
Oct. 7 it was reported company plans to issue and sell $6,000,000 of first mortgage bonds due 1987. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Blair & Co. Incorporated. **Bids**—Expected to be received up to 11 a.m. (EST) on Nov. 15. **Registration**—Planned for Oct. 16.

★ Shell Transport & Trading Co., Ltd.
Oct. 3 it was announced company plans to offer to stockholders early in 1958 between £40,000,000 and £55,000,000 additional capital stock (equivalent to $112,000,000 and $154,000,000). **Price** — To be governed by market conditions prevailing at time of issue. **Proceeds**—For capital expenditures.

Smith-Corona, Inc.
Sept. 30 stockholders approved a proposal to authorize the directors to issue about $6,000,000 of convertible debentures through an offering to stockholders later this year. **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.

Standard Oil Co. (New Jersey)
Sept. 27 it was announced company plans to raise approximately $250,000,000 to $300,000,000 later this year through an offering of additional capital stock to stockholders. **Proceeds**—For expansion program. **Underwriter**—Morgan Stanley & Co., New York. **Registration**—Expected late in October.

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 Scale Co.
Sept. 26 it was reported that, following merger with Houghton Elevator Co., Toledo Scale Co. plans to issue some additional common stock. **Underwriter**—McDonald & Co., Cleveland, Ohio. **Registration**—Expected in November.

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 up to noon (EDT) on Oct. 10 at 466 Lexington Ave., New York, N. Y.

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.

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.

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With Marshall Co.

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis. — Clark E. Nixon is now with the Marshall Company, 765 North Water Street.

Hirsch Opens Branch

PALM BEACH, Fla.—Hirsch & Co. has opened a branch office at 238 South County Road under the direction of Monroe J. Friedlander.

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Mutual Funds

By ROBERT R. RICH

FIF Assets Up 30 Percent

A 30% gain in net assets during fiscal 1957 enabled Financial Industrial Fund, Inc. to reach a record year-end total of $75,029,685 on Aug. 31, Charles F. Smith, President of the nationally-distributed mutual fund, reported Oct. 8.

The record was made possible by an increase of $17,278,152 over net assets of $57,751,533 on Aug. 30 a year ago.

Mr. Smith told shareholders records were also set in shares outstanding and number of shareholders, income distributions, dividend payments per share, number and dollar amounts of investor purchases of fund shares and FIF investment plans.

FIF shares outstanding increased 43.5% during the year—from 14,425,391 to 20,706,974. The number of fund shareholders was up 51%—to 45,361 from 29,942.

Dividend distributions for the year amounted to $2,571,255 or 14 cents a share, from $1,634,869 or 12½ cents a share during fiscal 1956.

1957 capital gains payments to shareholders totaled $2,277,767 or 11c a share, compared with $2,524,433 or 17½c a share the year before.

Net asset value per share declined to $3.62 from $4 at the end of August last year as the market value of most securities moved substantially lower.

Noting that FIF assets five years ago were only $11,650,240, Mr. Smith told shareholders the relative advantages of securities investment and the means of reducing investment risks are becoming "better understood by an ever-increasing segment of the nation's population."

"We sense a trend away from the thinking that blindly catalogues certain media of savings and investment as safe, and others as unsafe," he said. "There appears to be a wider recognition of the importance of opportunity—without any guarantee—as the durable characteristic of securities."

Mr. Smith said the American economy is in "a prolonged period of dynamic growth," and added that "temporary contractions" in the nation's growing economy will occur from time to time as a natural adjustment in balancing supply and demand.

Murray Shields, nationally-known economist and member of the advisory board of FIF Management Corp., said he visualizes a $700 billion annual gross national product by 1966, compared with the current rate of $434 billion, as a result of greater productivity and a probable inflationary price rise of 1½% compounded annually.

We are living in an age of inflation, Mr. Shields said, hence the necessity for investment in common stocks, which have the potential of rising in price with inflation and thus avoiding the damage of inflation to fixed dollar investments.

Keystone K-1 Yields 5.8%

Reflecting the increasingly attractive income situations created by higher money rates, Keystone Income Fund K-1 increased its annual dividend to 48 cents per share, according to the annual report for the fiscal year ended Aug. 31. Based on the regular distribution and the net asset value of $8.21 per share, the fund showed a 5.8% return.

K-1 reached new highs in total assets, number of shares and number of shareholders. Assets jumped more than $2 million in the last half of the fiscal year, reaching a total of $45,730,920 and giving K-1 fourth place among Keystone's series of 10 domestic funds totalling more than $319 million.

Shareholders increased more than 1,000 to 22,965 and there were 5,570,269 shares outstanding, an increase of more than 400,000 in the last six months.

K-1, which was exclusively a preferred stock fund until shareholders voted a change in March of 1956, has added to its bond and common stock holdings in the past six months and has decreased its preferred stock holdings by 7%. At the end of the fiscal year, the K-1 portfolio consisted of 19% bonds, 37% preferred stocks and 42% common stocks.

	Aug. 31, 1957	Aug. 31, 1956
Total net assets	$45,730,920	$42,078,459
Shares outstanding	5,570,269	4,701,767
No. shareholders	22,965	20,462
Asset value per sh.	$8.21	$8.95
Income per share	$0.48	$0.46

Loomis' Profits

Directors of Loomis-Sayles Mutual Fund have declared a capital gain dividend of $1.85 per share payable Oct. 25, 1957, to stock of record Oct. 7, 1957. This compares with a 1956 capital gains distribution of $2.62.

At the same time, the directors declared a year-end income dividend of $0.45 per share making a total of $1.35 paid from investment income during 1957, compared with $1.28 during 1956. On Oct. 7, 1957, there were 1,347,526 shares outstanding among 9,500 shareholders, and net assets totaled $55,835,479. A year ago at this time net assets were $53,249,219 with 1,194,682 shares outstanding among 8,530 shareholders.

Two With Coburn Firm

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Edward P. Ferrante and David R. Marsh are now associated with Coburn & Middlebrook, Incorporated, 100 Trumbull Street.

United Corp. Assets at $88 Million

The United Corporation announced Oct. 9 results for the third quarter of 1957. Net investment income for the three months period increased to $913,581 or 6.5c per share against $776,955 or 5.5c per share last year.

Net realized gain on investments amounted to $814,534 or 5.8c per share, approximately the same as for the third quarter of last year.

For the first nine months of 1957 net investment income was $2,606,903 or 18.5c per share versus $2,336,898 or 16.6c per share last year. Net realized gain on investments was $2,835,668 or 20.2c per share versus $3,441,510 or 24.5c per share.

Net assets of United, based on the indicated market value of investments held, totaled $88,422,644 or $6.28 per share at Sept. 30, 1957, versus $90,759,475 or $6.45 per share at the same date in 1956. At June 30, 1957, net asset value was $96,697,299 or $6.87 per share.

During the third quarter of 1957 sales of portfolio common stocks included: 7,500 shares Atlantic Refining Co.; 1,900 shares Shell Oil Co.; 3,840 shares Hancock Oil Co. class A; 2,700 shares Sinclair Oil Corp.; 1,200 shares Eaton Manufacturing Co.; 4,500 shares Wisconsin Bankshares Corp.; 5,000 shares Marathon Corp.; 7,500 shares Tinnerman Products, Inc.; 27,800 shares Columbia Gas System, Inc.; 4,100 shares Niagara Mohawk Power Corp.; 2,500 shares Northern Illinois Gas Co.; 28,000 shares Public Service Electric and Gas Co.; 7,900 shares West Penn Electric Co. United also sold $348,000 Lehigh Coal and Navigation Company 3½% bonds.

Common stocks purchased included: 30,325 shares Canadian International Power Co., Ltd.; 12,500 shares Chrysler Corp.; 6,000 shares St. Regis Paper Co.; 5,000 shares United States Steel Corp.; 7,000 shares Youngstown Sheet and Tube Co.; 5,900 shares Fansteel Metallurgical Corp.; and 19,700 shares Lehigh Coal and Navigation Co.

American International Corporation announced that the net asset value of its 2,250,600 shares common stock on Sept. 30, 1957 is estimated at $15.80 per share compared with $18.23 per share at Dec. 31, 1956. The asset value at Sept. 30, 1957 is after the payment of 35 cents per share in capital gains dividend in June 1957. At Sept. 30, 1956 the asset value was $18.35 per share. Capital gains dividends aggregating $1.27 per share were paid in the intervening 12 months.

Tri-Continental Income Now At Record

Net investment income of Tri-Continental Corp., the nation's largest diversified closed-end investment company, reached a record $7,634,894 for the first nine months of 1957, it was reported by Francis F. Randolph, Chairman of the Board and President. This was about $1,100,000 more than in the same period of 1956, according to Mr. Randolph.

Earnings from new funds received for common stock issued upon the exercise of warrants were a major factor in the increase but income from portfolio investments also was higher.

The value of Tri-Continental's assets has been reasonably well-maintained in comparison with the decline in security prices in general thus far this year, Mr. Randolph reported. Better-than-market investment performance is reflected in common share asset value, assuming exercise of all warrants, which stood at $34.35 at Sept. 30 as compared with $37.50 at mid-year and $36.17 at Dec. 31, 1956. In terms of common stock outstanding, assets were equivalent to $39.27 per share at the end of the nine months as compared with $43.78 three months earlier and $45.26 at the start of 1957. Mr. Randolph pointed out, however, that the latter figures are distorted by the influence of the corporation's warrants which have been exercised in relatively large numbers during the current year.

Investment assets were valued at $310,862,255 at Sept. 30, the Chairman stated. This approximated the $310,999,768 reported at the start of the year but was less than three months earlier. During the first nine months, new funds totaling $15,033,243 were received for common stock issued upon exercise of warrants. Mr. Randolph went on to add that warrants continued to be exercised in the past three months with $1,816,798 received for 102,297 new shares of common stock issued, but the rate of exercise was down sharply to less than a third of that in the preceding quarter. At Sept. 30, outstanding shares of Tri-Continental common stock numbered 6,423,100 and the remaining warrants had been reduced to 1,500,384.

Commenting on dividend policy, Mr. Randolph pointed out that the final dividend from net investment income for 1957 to be paid to common stockholders in December is expected, as usual, to be the largest payment of the year, reflecting year-end extra or

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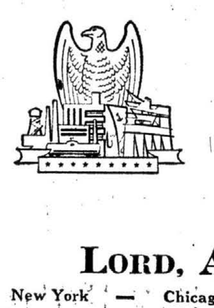

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special dividends received by Tri-Continental on investment holdings. The Chairman also stated that an extra distribution, to be designated a capital gain dividend for Federal income tax purposes, will be declared on the common stock near the end of December for payment early in 1958. This distribution will include a dividend of $6,000,000 received by Tri-Continental from its subsidiary, Tri-Continental Financial Corp., earlier this year. Mr. Randolph pointed out that after this extra distribution is made, Tri-Continental intends to conform to its historical dividend policy by retaining all long-term gain, no matter from what source received, designating the amount thereof to the holders of the common stock, and paying the tax thereon for their account.

Common stock holdings accounted for 72.2% of investment assets at the end of the third quarter as compared with 73.3% on June 30. Mr. Randolph explained that the nominal third quarter reduction in the proportion of common stock holdings resulted entirely from a decline in market values. He went on to say that there had been no significant change in Tri-Continental's investment policy in the past three months.

New common stock holdings added in the third quarter were 9,300 shares of United Aircraft Corp., 18,000 shares of Parke, Davis & Co., 30,000 shares of Schering Corp., 18,000 shares of I-T-E. Circuit Breaker Co., 60,000 shares of Arkansas-Louisiana Gas Co., and 8,000 shares of American Stores Co. In addition, 140,000 shares of Stanrock Uranium Mines were received upon exchange of units of that company.

Holdings increased included Warner-Lambert Pharmaceutical Co., by 6,700 shares; First National City Bank, by 1,400; Chas. Pfizer and Co., by 2,700; Illinois Power Co., by 8,000; Montana Power Co., by 5,600; Northern Indiana Public Service Co., by 7,000; Oklahoma Gas & Electric Co., by 10,800; and Newport News Shipbuilding & Dry Dock Co., by 6,000.

Investment positions were eliminated through the sale of 12,000 shares of Johns-Manville Corp. and 23,200 shares of Pacific Gas and Electric Co. Principal decreases in holdings were 9,400 shares of Eastern Air Lines, Inc., 17,400 shares of Colorado Interstate Gas Co., and 14,900 shares of Safeway Stores.

Lehman Corp. Assets Now $219 Million

A total net asset value of $219,888,810 equivalent to $23.76 per share at Sept. 30, 1957 was announced jointly by Robert Lehman, President and Monroe C. Gutman, Chairman of the Executive Committee, in the nine months report of The Lehman Corporation.

The net asset value per share of the corporation at the same time last year was $24.58, after adjustment is made for the intervening 2 for 1 stock split.

During the nine months covered by the report the proceeds from the sale of portfolio securities exceeded the cost of securities purchased by $8,620,052, sales amounting to $23,591,792 and purchases $14,971,740. Capital gains realized during the period amounted to $1.14 per share.

New additions to the portfolio during the most recent fiscal quarter were: 35,900 shares of Sherritt Gordon Mines, and 9,500 shares of Mead, Johnson Company.

Purchases which increased portfolio holdings included: 10,000 shares of Westinghouse Electric, for a total of 35,000 shares in the portfolio; 7,000 shares of Ideal Cement, for a total of 10,000 shares in the portfolio; 10,000 shares of Home Oil for a total of 30,000 shares; 3,500 shares of Babcock & Wilcox, for a total of 20,000 shares; 1,000 shares of Trans-Mountain Oil Pipeline, for a total of 16,000 shares; 2,000 shares of McMillan & Bloedel "B," for a total of 30,000 shares; 3,000 shares of Hudson's Bay Co., for a total of 35,000 shares, and 2,224 shares of Tampa Electric for a total of 22,224 shares, and 4,000 shares of Falconbridge Nickel Mines for a total of 20,000 shares held in the portfolio.

Portfolio eliminations were: 8,250 shares of American Can Co.; 8,000 shares of Briggs & Stratton; 16,000 shares of Outboard Marine; 10,000 shares of St. Regis Paper; 25,000 shares of Consolidated Goldfields of South Africa, and 5,000 shares of Honolulu Oil.

Portfolio reductions included: 9,000 shares of Schering Corp., leaving 25,000 shares in the portfolio; 5,000 shares of Allied Chemical & Dye, leaving 5,000 shares; 7,000 shares of U. S. Plywood, leaving 8,000 shares; 4,631 shares of Beckman Instruments, leaving 32,500 shares; 5,900 shares of Columbia Broadcasting System, leaving 40,000 shares; 2,000 shares of Minnesota Mining & Mfg., leaving 20,000 shares; 4,800 shares of Aluminum Co. of America, leaving 52,000 shares; 2,400 shares of American Smelting & Refining, leaving 2,600 shares, and 15,000 shares of Reynolds Metals, leaving 95,000 shares.

Among other portfolio reductions were: 8,700 shares of National Cash Register, leaving 20,000 shares; 4,200 shares of Mission Development, leaving 23,800 shares; 7,250 shares of Signal Oil & Gas "A," leaving 48,400 shares; 4,500 shares of Standard Oil of New Jersey, leaving 33,000 shares; 10,000 shares of Brown Co., leaving 35,000 shares; 8,100 shares of Texas Eastern Transmission, leaving 6,900 shares, and 2,808 shares of U. S. Rubber, leaving 18,000 shares; and 5,000 Dow Chemical, leaving 45,900 shares in the portfolio.

Oil and gas continued to be the corporation's largest single category for investment with the $68,311,106 invested in that industry representing 30.9% of the corporation's net asset value. The next two largest investment categories were public utilities with $35,073,558 of investments representing 15.9% of net asset value, and metals and mining with $18,700,500 of investments representing 8.5% of net asset value.

National's Sales

Sales of the National Securities Series of mutual funds in September established a record for the month of $5,961,774, according to figures released by E. Waln Hare, Vice-President of National Securities & Research Corp. This represents an increase of $2,742,430 or 85% over the similar month last year Nine month sales were reported at $61,248,605 by Mr. Hare, 44% or $18,613,056 over the previous record total set in the comparable 1956 period.

$31 Million Issue of State of Ohio Bonds Placed on Market

Blyth-Halsey, Stuart-Lehman-Van Ingen-Ohio Co. group offer highway construction bonds.

Blyth & Co., Inc., Halsey, Stuart & Co. Inc., Lehman Brothers, B. J. Van Ingen & Co. Inc., and The Ohio Company are joint managers of the group that publicly offered on Oct. 8 an issue of $31,000,000 State of Ohio major thoroughfare construction bonds, series G, at prices to yield from 2.20% for those due March 1, 1958 to 3.30% for the 1971 and 1972 maturities. The group was awarded the issue on a bid naming a net interest cost of 3.324% for a combination of 6, 4⅜, 3, 3.20 and 3¼% coupons.

The series G issue is the seventh instalment to be issued of $500,000,000 authorized by the electors by amendment of the Constitution of Ohio in 1953. Rated Aa by Moody's and A-1 plus by Standard & Poor's, the bonds are payable as to principal and interest solely from fees, excise or license taxes levied by the state on the registration, operation or use of vehicles on public highways or on fuels used for propelling these vehicles. Net revenues from these sources at the 1956-57 level of $262,985,350 are 5.46 times the peak debt service requirement estimated for 1960, with the ratio increasing gradually thereafter as estimated debt service declines.

Among those associated with the managers in the offering are:

The First Boston Corp.; Harriman Ripley & Co. Inc.; Smith, Barney & Co.; Drexel & Co.; Glore, Forgan & Co.; Goldman, Sachs & Co.; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Lazard Freres & Co.; Merrill Lynch, Pierce, Fenner & Beane; Phelps, Fenn & Co.; and White, Weld & Co.

Public Utility Securities

By OWEN ELY

Rockland Light & Power Company

Rockland Light & Power, whose stock is traded in the Over-Counter Market, has had a remarkable growth record. In earlier years the area which it serves may have been slow to develop, because it was just beyond the commuting zone to New York City, but in the postwar decade the territory has developed remarkably and recent gains are expected to continue.

The New York Thruway, the Interstate Palisades Parkway and the extensions through Route 17 have opened up the area, which is now being developed as a suburban community in New York State. The population has grown 25% in the past seven years and a high rate of growth will be maintained through 1975, it is expected. The company is anticipating a 10% annual gain in KWH sales—a rate exceeded in each of the last five years. The current rate of gain is 13%.

In addition to new residential construction, important industrial plants have been built by Ford Motors, U. S. Gypsum, Continental Can and others. Ford's new assembly plant is the largest industrial customer, contributing 6% of total electric revenues, and is also a substantial gas Consumer. Next largest is the Lederle Division of American Cyanamid, maker of pharmaceutical supplies, which contributes over 5% of electric revenues.

The company's annual revenues, which should exceed $20 million this year, are about 70% electric and 30% gas. In the decade ending 1956 residential electric revenues increased about 162% while total revenues, including sale of electricity to other utilities, jumped 187%. Revenues from sales of gas showed a more phenomenal increase—from $1,328,000 in 1947 to $5,917,000 in 1956, an increase of nearly 350%.

The company with its subsidiaries serves an area of some 1100 square miles in New York, New Jersey and Pennsylvania, with headquarters in Nyack, New York. The area extends from a point in New Jersey six miles north of the George Washington Bridge, northerly for approximately 29 miles along the west bank of the Hudson River to a point near the Bear Mountain Bridge. From the Hudson, the company's territory in New York State extends westward to the Delaware River, embracing all of Rockland County and parts of Orange and Sullivan Counties. In New Jersey, Rockland Electric Company serves the northern part of Bergen County and a small area in the northwestern corner of Sussex County. Pike County Light & Power Company serves the northeast corner of Pike County in Pennsylvania.

The company serves electricity to 32 communities in New York State with an estimated population of 173,000 and gas to 27 communities with population of about 183,000. In addition to Nyack, the larger communities served include Middletown, Port Jervis, Suffern, Spring Valley, Haverstraw, Stony Point, Orangetown, Clarkstown and Ramapo. Rockland Electric Company serves a population of about 56,600 in 22 communities in New Jersey. Pike County Light & Power's operations in Pennsylvania are small.

While industrial operations are increasing, system electric operations are still heavily residential, the breakdown being 41% residential, 24% commercial, 23% industrial and 12% miscellaneous. Gas revenues are about 83% residential, 12% commercial, 1% industrial and 4% miscellaneous.

The company has substantial electric generating capacity, most of the steam capacity being new and efficient. Last year 24% of output was generated by hydro plants and 76% from steam. Btu per kwh generated was only about 10,700, one of the lowest figures in New York State. Kwh production cost was 4.7 mills. Total generating capacity, now 172,000 kw, has been more than doubled in the past three years with completion of the Grahamsville Hydro Unit in January 1956 and the large Unit No. 3 at the Lovett Plant in 1955. With these important additions the company built up a reserve over peakload of 41% last year. Excess power was sold to neighboring utilities at relatively low kwh rates. Conversion of this extra capacity to residential and commercial use in future should be a favorable earnings factor.

Rockland was one of the earliest utilities in the New York Metropolitan area to receive natural gas, which it obtained from a Columbia Gas subsidiary, (Home Gas) in 1935. As a result, the company has built up its gas business much further than other companies in this area such as Long Island Lighting, Consolidated Edison, etc. The company now receives gas from three pipelines, Algonquin, Home and Tennessee.

Gas purchased from Tennessee is cheaper than that obtained from the two other companies, and an application is currently pending before the Federal Power Commission to supply the new demand in the eastern division from Tennessee. Rockland's heating rate at 90¢ per mcf is the cheapest in the metropolitan area and is said to represent the equivalent of oil at 10¢ a gallon and coal at $13 a ton. This highly favorable competitive position has resulted in a 65% heating saturation and 100% saturation for all new residential construction.

The rate for gas has recently been raised by all three suppliers which will result in $260,000 per annum to be added to Rockland's annual cost, if the new rates are approved by the FPC. Rockland has applied to the Commission for escalator clauses to cover rising costs in future.

Rockland's common stock has been quoted recently over-counter around 18, and based on the current increase in the dividend rate to 90¢, the yield is about 5%. In 1952-3 share earnings declined to 61¢, but since that year they have increased steadily to $1.05 last year, and an estimated $1.16 for calendar 1957. Equity ratio is about 28%.

With Alfred O'Gara

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—James S. Hinman is now with Alfred O'Gara & Co., 134 South La Salle Street. He was formerly with Stone & Webster Securities Corp.

With Armstrong, Jones

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — William R. Opel is now connected with Armstrong, Jones, Lawson & White, Incorporated, Penobscot Building, members of the Detroit Stock Exchange.

Joins Vercoe Staff

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — John R. Small has joined the staff of Vercoe & Company, Huntington Bank Building, members of the New York Stock Exchange.

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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)	Oct. 13	§81.6	*82.6	81.9	100.9
Equivalent to—					
Steel ingots and castings (net tons)	Oct. 13	§2,088,000	*2,115,000	2,097,000	2,438,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 27	6,820,800	6,839,700	6,766,250	7,044,100
Crude runs to stills—daily average (bbls.)	Sept. 27	¶7,918,000	7,830,000	8,327,000	7,912,000
Gasoline output (bbls.)	Sept. 27	28,428,000	28,212,000	28,516,000	27,093,000
Kerosene output (bbls.)	Sept. 27	1,572,000	*2,028,000	1,871,000	2,484,000
Distillate fuel oil output (bbls.)	Sept. 27	12,288,000	*12,007,000	13,241,000	12,744,000
Residual fuel oil output (bbls.)	Sept. 27	7,929,000	7,820,000	7,609,000	7,622,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Sept. 27	177,430,000	174,058,000	171,683,000	174,720,000
Kerosene (bbls.) at	Sept. 27	36,331,000	*36,190,000	34,114,000	33,817,000
Distillate fuel oil (bbls.) at	Sept. 27	169,265,000	*165,762,000	15,876,000	150,367,000
Residual fuel oil (bbls.) at	Sept. 27	57,716,000	56,003,000	52,472,000	47,499,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 28	739,266	724,934	745,183	831,648
Revenue freight received from connections (no. of cars)	Sept. 28	605,969	605,295	625,367	685,444
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Oct. 3	$333,358,000	$342,274,000	$314,122,000	$491,008,000
Private construction	Oct. 3	148,442,000	186,388,000	108,206,000	245,050,000
Public construction	Oct. 3	184,916,000	155,886,000	205,916,000	245,958,000
State and municipal	Oct. 3	169,513,000	131,380,000	181,860,000	199,356,000
Federal	Oct. 3	15,403,000	24,500,000	24,056,000	46,602,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 28	10,200,000	10,065,000	10,060,000	10,464,000
Pennsylvania anthracite (tons)	Sept. 28	532,000	533,000	580,000	663,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Sept. 28	130	126	134	130
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 5	11,564,000	11,697,000	11,678,000	11,342,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 3	261	278	208	253
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 1	5.967c	5.967c	5.967c	5.622c
Pig iron (per gross ton)	Oct. 1	$66.42	$66.42	$66.42	$63.04
Scrap steel (per gross ton)	Oct. 1	$40.83	$43.83	$50.17	$57.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 2	26.350c	26.550c	27.850c	39.675c
Export refinery at	Oct. 2	24.225c	23.650c	24.450c	36.975c
Lead (New York) at	Oct. 2	14.000c	14.000c	14.000c	16.000c
Lead (St. Louis) at	Oct. 2	13.800c	13.800c	13.800c	15.800c
‡Zinc (delivered) at	Oct. 2	10.500c	10.500c	10.500c	14.000c
Zinc (East St. Louis) at	Oct. 2	10.000c	10.000c	10.000c	13.500c
Aluminum (primary pig, 99%) at	Oct. 2	26.000c	26.000c	26.000c	25.000c
Straits tin (New York) at	Oct. 2	92.875c	93.500c	93.000c	102.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 8	86.94	86.44	87.48	92.01
Average corporate	Oct. 8	89.51	89.37	89.78	99.20
Aaa	Oct. 8	94.56	94.26	94.41	102.80
Aa	Oct. 8	92.20	91.77	92.20	101.31
A	Oct. 8	89.37	89.51	89.92	99.52
Baa	Oct. 8	82.77	82.52	83.40	93.67
Railroad Group	Oct. 8	88.13	87.59	88.13	98.09
Public Utilities Group	Oct. 8	89.09	89.23	89.92	99.20
Industrials Group	Oct. 8	91.48	91.34	91.48	100.16
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 8	3.65	3.70	3.58	3.14
Average corporate	Oct. 8	4.45	4.46	4.43	3.80
Aaa	Oct. 8	4.10	4.12	4.11	3.58
Aa	Oct. 8	4.26	4.29	4.26	3.67
A	Oct. 8	4.46	4.45	4.42	3.78
Baa	Oct. 8	4.96	4.98	4.91	4.16
Railroad Group	Oct. 8	4.55	4.59	4.55	3.87
Public Utilities Group	Oct. 8	4.48	4.47	4.42	3.80
Industrials Group	Oct. 8	4.31	4.32	4.31	3.74
MOODY'S COMMODITY INDEX	Oct. 8	391.6	392.8	416.5	419.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 28	295,363	259,955	265,643	249,859
Production (tons)	Sept. 28	300,659	296,404	290,919	271,570
Percentage of activity	Sept. 28	99	96	95	95
Unfilled orders (tons) at end of period	Sept. 28	444,626	465,246	418,314	410,178
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Oct. 4	110.21	110.30	110.28	109.15
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Sept. 14	1,239,350	749,860	1,143,400	1,304,100
Short sales	Sept. 14	265,600	165,570	210,110	214,230
Other sales	Sept. 14	1,055,950	629,220	1,008,820	1,021,780
Total sales	Sept. 14	1,321,550	794,790	1,218,930	1,236,010
Other transactions initiated on the floor—					
Total purchases	Sept. 14	230,010	137,800	191,700	280,780
Short sales	Sept. 14	46,550	23,910	17,500	25,100
Other sales	Sept. 14	231,420	128,090	207,065	290,450
Total sales	Sept. 14	277,970	152,000	224,565	315,550
Other transactions initiated off the floor—					
Total purchases	Sept. 14	375,045	235,850	338,090	580,405
Short sales	Sept. 14	84,020	51,560	71,900	79,330
Other sales	Sept. 14	391,459	249,410	388,405	586,645
Total sales	Sept. 14	475,479	300,970	460,305	665,975
Total round-lot transactions for account of members—					
Total purchases	Sept. 14	1,844,405	1,123,510	1,723,190	2,165,285
Short sales	Sept. 14	396,170	241,040	1,299,510	318,660
Other sales	Sept. 14	1,678,829	1,006,720	1,604,290	1,898,875
Total sales	Sept. 14	2,074,999	1,247,760	1,903,800	2,217,535
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	Sept. 14	1,177,189	781,484	1,258,228	1,214,066
Dollar value	Sept. 14	$55,038,913	$36,566,145	$63,515,062	$70,236,768
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Sept. 14	852,235	543,445	854,597	917,060
Customers' short sales	Sept. 14	11,539	6,420	12,274	4,857
Customers' other sales	Sept. 14	840,696	537,025	842,323	912,203
Dollar value	Sept. 14	$41,653,335	$26,258,784	$43,069,428	$45,892,432
Round-lot sales by dealers—					
Number of shares—Total sales	Sept. 14	186,440	107,780	192,780	234,960
Short sales	Sept. 14	------	------	------	------
Other sales	Sept. 14	186,440	107,780	192,700	234,960
Round-lot purchases by dealers—					
Number of shares	Sept. 14	531,570	309,370	562,090	551,120
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	Sept. 14	543,740	322,870	423,260	420,140
Other sales	Sept. 14	8,948,240	5,340,790	8,842,050	10,073,690
Total sales	Sept. 14	9,491,980	5,663,660	9,265,310	10,493,830
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	Oct. 1	117.5	117.7	118.3	115.2
Farm products	Oct. 1	90.5	90.3	93.0	88.9
Processed foods	Oct. 1	105.2	105.9	107.3	104.1
Meats	Oct. 1	91.4	93.2	190.1	87.6
All commodities other than farm and foods	Oct. 1	125.6	125.7	125.9	122.9

*Revised figure. ¶Includes 926,000 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
AMERICAN GAS ASSOCIATION—For month of July:			
Total gas sales (M therms)	4,868,400	5,155,700	4,484,100
Natural gas sales (M therms)	4,766,900	5,031,200	4,374,700
Manufactured gas sales (M therms)	10,300	13,100	19,000
Mixed gas sales (M therms)	91,200	111,400	90,400
AMERICAN HOME LAUNDRY MANUFACTURERS' ASSOCIATION—Month of July:			
Total home laundry appliance factory unit sales (domestic)	416,874	341,062	501,290
Combination washer-dryers	10,042	8,453	------
Washers	335,139	282,289	380,172
Dryers	70,011	46,783	117,548
Ironers	1,682	3,537	3,570
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of August	9,218,000	*8,908,732	8,122,597
Shipments of steel products (net tons)—Month of July	5,877,133	7,284,616	1,288,988
AMERICAN RAILWAY CAR INSTITUTE—Month of August:			
Orders for new freight cars	3,203	1,251	2,575
New freight cars delivered	8,758	7,725	5,364
Backlog of cars on order and undelivered (end of month)	79,258	85,229	122,870
ASSOCIATION OF AMERICAN RAILROADS—Month of August:			
Locomotive units installed in service	73	112	127
New locomotive units on order (end of month)	320	395	739
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of August (in thousands)	$190,539,000	$200,547,000	$183,819,000
COKE (BUREAU OF MINES)—Month of July:			
Production (net tons)	6,504,915	*6,362,335	2,311,400
Oven coke (net tons)	6,364,026	6,207,022	2,258,500
Beehive coke (net tons)	140,889	*155,313	52,900
Oven coke stock at end of month (net tons)	2,422,594	2,295,931	2,422,594
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of July (Millions of dollars):			
Manufacturing	$54,100	*$53,900	$50,000
Wholesale	12,700	12,700	12,300
Retail	24,100	24,100	23,800
Total	$90,900	*$90,600	$86,200
COAL EXPORTS (BUREAU OF MINES)—Month of July:			
U. S. exports of Pennsylvania anthracite (net tons)	288,910	466,411	359,499
To North and Central America (net tons)	142,770	216,846	183,254
To Europe (net tons)	138,539	235,751	172,686
To Asia (net tons)	------	12,874	1,173
To South America (net tons)	7,601	10	2,386
Undesignated	------	930	------
COPPER INSTITUTE—For month of August:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	98,290	*92,527	100,827
Refined (tons of 2,000 pounds)	128,480	127,434	122,108
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	107,522	84,702	109,618
Refined copper stocks at end of period (tons of 2,000 pounds)	192,931	191,515	96,450
COTTON GINNING (DEPT. OF COMMERCE)—To Sept. 16 (running bales)	1,611,793	------	3,253,885
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of August:			
Contracts closed (tonnage)—estimated	167,083	202,772	268,273
Shipments (tonnage)—estimated	333,133	303,512	213,495
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of August:			
Weekly earnings—			
All manufacturing	$82.59	$82.16	$79.79
Durable goods	88.44	88.00	85.68
Nondurable goods	74.47	74.86	71.68
Hours—			
All manufacturing	39.9	39.7	40.3
Durable goods	40.2	40.0	40.8
Nondurable goods	39.4	39.4	39.6
Hourly earnings—			
All manufacturing	$2.07	$2.07	$1.98
Durable goods	2.20	2.20	2.10
Nondurable goods	1.89	1.90	1.81
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of August (1947-49=100)	76.7	76.5	79.0
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of July:			
Total operating revenues	$872,658,361	$867,914,786	$807,213,371
Total operating expenses	695,528,628	685,783,378	653,843,427
Operating ratio	79.70	79.02	81.00
Taxes	$85,352,939	$86,895,657	$69,978,911
Net railway operating income before charges	68,486,700	74,030,563	61,686,947
Net income after charges (estimated)	50,000,000	58,000,000	44,000,000
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of July (000's omitted):			
Savings and loan associations	$852,032	$795,096	$851,024
Insurance companies	129,578	118,516	158,843
Bank and trust companies	390,108	362,805	464,305
Mutual savings banks	141,959	125,546	168,146
Individuals	324,968	289,587	307,345
Miscellaneous lending institutions	371,916	336,919	424,466
Total	$2,210,561	$2,028,469	$2,374,129
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of July (000's omitted):			
Exports	$1,690,600	$1,781,600	$1,620,000
Imports	1,137,000	982,600	1,050,700
ZINC OXIDE (BUREAU OF MINES)—Month of July:			
Production (short tons)	15,926	14,593	14,488
Shipments (short tons)	16,271	14,879	16,636
Stocks at end of month (short tons)	28,674	29,019	19,983

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Continued from page 12

Commercial Pattern of Borrowing By Commercial Finance Companies

rates charged the Heller organization have increased percentage-wise more than its lending rates, according to the management. Bank rates are quoted some finance concerns at 4%, but with the current stipulation that at least 20% of the loan remain on deposit, effectively raising the rate to over 5%. Rates charged by some finance concerns have allegedly gone from 12 to about 13%.

Another benefit to finance companies of subordinated borrowing is more flexible operation than if funds were obtained through the sale of common stock. In a period when the services of the firm are not in strong demand, the company can pay off bank borrowings easier than buying back stock. In addition, the subordinated loan practices make more short-term funds available when needed by customers. Currently, not only are finance companies sought out by new types of borrowers, but old clients need more funds for longer periods.

Debt Limitations

There is a limit, however, to the extent of borrowing even on a subordinated basis. The general rule of thumb established by loaning agencies for credit to finance companies is to have junior subordinated long-term debt not to exceed about 37.5% of preferred and common stock plus surplus. In turn, total subordinated debt can equal approximately one-half junior subordinated long-term debt, common and preferred stock and surplus. For example, an established commercial finance concern with common and preferred stock plus surplus of $10 million could have $3.75 million in junior subordinated long-term debt and total subordinated debt of about $6.875 million. This firm, in turn, if well established feasibly could borrow an additional $50 million.

Long-Term Debt

The fourth feature of finance company borrowings in recent years has been the increased use of long-term loans expressed as a percentage of total borrowings. C. I. T. Financial Corporation's long-term debt rose from $103 million in 1947 to $797 million in 1956. In 1947 the long-term debt was 25% of total borrowings, and in 1956 it was over 49% of total loans. Companies that make business and industrial loans generally experience a more volatile need for their services than do those firms active in personal loans. This fluctuating demand on occasion could leave industrial finance concerns which have heavy long-term debt with more funds than needed. In today's period of tight money, those firms who in the last few years obtained long-term loans at favorable interest rates are prospering.

Summary

These four changes in the pattern of borrowing have indicated increased creditor money in commercial finance companies companies in relation to equity capital. In addition, a growing portion of the debt appears to be of a long-term nature. Loaning agencies apparently have come to consider business finance concerns in a more favorable light. In turn, finance companies have found increased borrowing to be profitable. The investor might well reappraise this industry which ostensibly converts subordinated debt into capital so that additional profitable borrowings may be made. Hidden profits possibly might lie behind conservative borrowing practices of management.

Continued from page 11

America and the Developing Far East Economies

people of the underdeveloped lands can, in the final analysis, guide their own destiny. They can maintain their own political and economic integrity, providing they keep alert and plan prudently and constructively for their future. They do not need to give any political hostages to fortune—they do not have to sacrifice their newly won freedoms for a forced speed of development, a speed which in the circumstances could be illusory.

The fact is that both in the East and the West we are groping —seeking new norms, new arrangements to accomplish growth. And if the West tends sometimes to be critical of the East, the East too has basis to be impatient with us—at our inexpertness, at our slowness and temporizing. We are still in the early stages of developing the public understanding and administrative procedures necessary to cope with a problem which is far from simple. Even though the people of the United States may be agreed on basic objectives in their relations with underdeveloped countries, the government faces very real difficulties, both political and economic, in implementing them.

Americans find it hard to appreciate that much that is done can not be immediately profitable. The Marshall Plan in Europe yielded tangible results very quickly. Perhaps its very success created an image in the public mind that can't really be applied to the more difficult task of development in Asia.

Technical Help Needed

Moreover, America has a long way still to go to equip itself properly for this new type of assistance. What is needed is technical help, as well as a flow of machinery and capital—help that is proficient not only in technical skill, but which is able and willing to adapt itself to new lands, new languages, and a new environment. We have been short on this—woefully short—and the results show up in the rather limited success of our efforts at technical assistance. We have here in this country very few people trained and knowledgeable in the ways, the capabilities and the reactions of the East. We have no second or third sons who grew up in the expectation they would live and work there. Yet I am convinced, as I know leaders in Asia are too, that technical assistance (and I would include management training here) is one of the most valuable forms of aid the underdeveloped lands could receive. By way of substantiation, may I remind you that our own experience has shown that two-thirds of the increase in productivity over a long span of years has been the end result of technical improvement—only one-third has flowed from a mere expansion of capital. We and the underdeveloped lands must work more closely together in this area — exchanging views, experience and information as to needs between us. Perhaps it is not out of place, too, to point out again that technical aid and training is one of the chief contributions the private investor can bring from abroad.

Certainly it isn't hard to single out other difficulties with America's aid programs: the need to go back to Congress for annual appropriations, thereby restricting forward planning; public hearings at which harsh things are sometimes said about the motives of the potential recipients; the lack of adequate coordination with activities of the World Bank; the mixture of objectives in planning and implementing assistance—with considerations of military defense competing with economic aid. All these pose serious problems, and I know they produce difficulties for recipient nations, who find it even harder to plan ahead than we do. Yet responsible authorities in the United States do recognize the need to correct such short-comings, and are working away at them with some success. The slowness, the give and take, are part of the democratic process. It too has its faults, but let us not forget that this very process has produced a phenomenon and a concept of foreign aid that has never before been conceived of in history. And overall this aid dwarfs anything which the Soviets have ever done with all the ease of their behind-the-scenes decisions and absolute controls.

Signs of Progress

Moreover, when all is said and done, there are signs of real progress in the lesser developed countries, and even the most avid critic would be forced to admit that assistance from the West has already played a vital role. As a matter of fact, many of the very real problems which confront Asia today stem not from inherent weakness, but rather from the speed and extent to which the various countries have managed to better their position. Those of you who have participated in the meetings here have received reports of this progress—of the fact that the Philippines, even in the face of its serious exchange crisis, has improved its living standards; that industrial production in India has grown by 60% since 1950; that trade for all southeast Asia has increased by no less than 45% in the same period. The task at the moment is to see that this momentum is not interrupted, and that a solid, dependable base continues to exist for a further forward movement.

All of us recognize that one section of this base must consist of a stable flow of economic assistance from abroad, both public and private. Can the nations of the East truly count on this? I believe they can. In spite of all the other pressures that bear down on the average American—the huge burden of defense, the high taxes, the quite undertsandable yearning for a less complicated mode of life—the more thoughtful citizen is conscious in his inner self of the need to assist other countries. This consciousness it seems to me springs from the instincts of our people. Americans recognize that they have a range of interests in common with the free peoples of Asia — that the world has been fore-shortened, and that both mutual defense and prosperity rest in part on economic growth and well-being in other areas, including Asia. But aside from this, a strong instinct to aid others who are friendly runs through the large mass of the American people, and it is a serious mistake to overlook it, to discount it, or to put it down to sheer self interest. Evidence of it shows up in our great philanthropic Foundations, which are not common in the World, and which themselves have lent significant help to the underdeveloped countries of the Orient. This instinct, combined with a strong attachment to a democratic and representative government which can give it expression, will continue to marshall support for foreign assistance in the years ahead.

Urges Private Capital

At the same time, leaders abroad should not overlook a probable growth in the flow of private capital. I know that many are skeptical of this, and that the volume to date has been small in certain areas. But again I would urge that the matter be examined in some perspective. In recent years we here in the United States, and indeed throughout Western Europe, have been experiencing a prolonged investment boom. As Per Jacobson reported in Washington, there are signs that this strong demand is leveling out. I would venture to predict that capital from the West may well become more readily available to the underdeveloped lands within the next several years, providing of course that the climate and conditions exist to absorb it.

I am not dismayed when I survey the relations between America and the developing nations of free Asia. Certainly mistakes have been made and will continue to be made on both sides, and the air at times will be heavy with disappointment. But let us seek always to understand each other—to be tolerant and not unmindful of the beam in our own eyes. Goodwill and not recrimination is the key to steady improvement. I have the faith that we shall indeed make progress — that the Free World, the East and the West working together, will discover new ways, new techniques, to co-operate in the struggle to prevail over their common problems. And in the process those ideals which we all share in common and which will do more to stimulate progress than anything else—the ideals of liberty, the dignity of the individual, material well-being, and equality of opportunity — shall loom more largely among men. No two societies will ever be exactly alike, but they are all compounded of men who can share the same dreams.

Our Reporter's Report

Experienced observers report the corporate new issue market is in fine fettle and free of anything in the way of encumberance so far as unsold issues are concerned.

The market had labored a bit with the heavy load of new emissions that followed the end of the summer period. In a few instances a little over-rich pricing by sponsoring syndicates necessitated the freeing of such issues to find their own level.

But the turnabout which came with the offering of Southwestern Bell's $100 million issue a week ago has cleared the atmosphere and brought about certain developments which have been highly cheering to the trade.

When that issue first appeared it was a bit on the "sticky" side. But not for long. Institutional buyers suddenly came into the market in a substantial way to clear up the situation.

Before Southwestern Bell's offering appeared, Double A and Triple A bonds were moving at prices to yield 4.85% to 4.95%. The Southwestern's were brought out on a 4.70% basis and touched off demand for issues like Duke Power; Philadelphia Electrics, and Niagara Mohawk Power bonds.

Old line institutional investors became active with one of their number appearing on the buying side of the competitive deal for the first time in more than four years.

The over-all situation, from the standpoint of the seller is being aided considerably by the fact that the forward calendar, except for one or two issues, does not assure prospective investors of any substantial buying opportunities for a spell.

Changing Situation

Naturally when one of the Big Five insurance companies, which had been out of the market for competitive deals for more than four years, appeared as a buyer recently, it prompted a bit of digging in search of a reason.

Looking the situation over it developed that the major insurance companies, presumably feeling in some measure the slower tempo of building, had come to the end of the line, so to speak in the mortgage market.

This outlet for funds appeared to have been exhausted, at least for the near term, with the result that life insurance company portfolio men found themselves forced by circumstances to turn to the bond market.

Seeking Protection

But while this segment of the investment industry appears to be more receptive to corporate debt issues the fact remains that those who do the portfolio managing are looking for as much protection as conditions afford.

Accordingly, these buyers are leaning strongly toward issues which are fortified with clauses assuring the buyer against the "call" of his bonds for periods of five to 10 years.

These professional investors naturally believe they can anticipate a period, in such an interval, when the market might encourage refunding of issues now being floated, where possible, on more attractive terms.

Looking Ahead

Except for Consumers Power Co.'s offering of $35.5 million of convertible debentures to shareholders, which will be underwritten by a banking syndicate next week, the new issue calendar is relatively light until near the end of the month.

The next really large public offering is Consolidated Edison Co. of N. Y.'s $60 million first mortgage bonds on which bids are slated to be opened on Oct. 22.

Thereafter things will run along rather slack until the following week when, on Oct. 29, American Telephone & Telegraph Co. puts its $250 million of debentures up for bids.

DIVIDEND NOTICE

REGULAR QUARTERLY DIVIDEND

The Board of Directors has declared this day COMMON STOCK DIVIDEND NO. 93

This is a regular quarterly dividend of

COLUMBIA GAS SYSTEM

25¢ PER SHARE

Payable on November 15, 1957 to holders of record at close of business October 19, 1957.

H. Edwin Olson
Vice-President and Secretary
October 3, 1957

THE COLUMBIA GAS SYSTEM, INC.

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Washington . . . And You

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

WASHINGTON, D. C. — A second battle of the budget, perhaps as spirited as the one in 1957, is shaping up for 1958, national election year. On the outcome will depend the size of the projected tax cut.

The amount of the anticipated tax reduction, and when it would take effect, will depend on the size of the Federal budget. Nevertheless, the American people may as well expect huge budgets from now on from the big central government in Washington. This apparently is the philosophy of those in control of the government. Spending during the current fiscal year is now expected by the White House to amount to $72 billion. The Treasury Department, in a revised estimate, declares that the surplus is going to be $300 million less than the estimates several months ago.

Despite more spending by the government, and less income expected in fiscal 1958 than original estimates, there is expected to be a surplus of $1.8 billion.

Uncontrolled Funds

There is marked disappointment on Capitol Hill over the Administration's estimates that spending during the current fiscal year will amount to about $72 billion despite the cuts made by Congress after months of wrangling and long pro and con debate. A series of things are responsible for this.

Senator Byrd points out that the higher spending, despite the budget reductions Congress has been making, is because the President of the United States has many billions of dollars in authority he can expend despite Congressional cutbacks.

In reviewing the budget outlook recently, Budget Director Brundage acknowledged that he did not forsee anything at this time to justify a tax cut before the start of the next fiscal year on July 1. At the same time he expressed the hope that the next budget for fiscal 1959 can be held to $70 billion.

President Eisenhower was asked at his crowded press conference recently how the budget was going to be reduced by $2 billion. Whereupon, he replied that if he could tell that "I would have one of my hardest problems solved, because every single department of government . . . wants more money. They quote rising prices, higher prices, and, of course, we know that a bigger budget contributes to still higher prices."

The military will spend about $38 billion during the current fiscal year. Of this sum $34 billion was appropriated by Congress at the last session, and the remainder comes from prior Congressional authority. The President, who spent most of his life as a professional soldier, said he thought the budget for the Defense Department would remain about $38 billion because he saw no way to reduce it below that figure.

Personal Tax Cuts Favored

Most Democrats are anxious to give a personal income tax cut, particularly to those in the low and middle-income brackets. Democrats will continue in control of both the House and Senate for the 1958 session. Speculation among some Democratic members of the House Ways and Means Committee is that the Committee is likely to recommend raising individual exemptions from $600 to $700.

Any reductions in taxes Congress may make seems unlikely to become effective before July 1, 1958. The present individual income tax exemptions have been in effect for 10 years, during which the inflation has in effect sharply reduced the amounts. Higher incomes for millions of people during the decade, however, will keep most of them as permanent income taxpayers.

Byrd to Press for Economy

Senator Harry F. Byrd of Virginia, who remains the "watch dog" over the Treasury, has already declared that he will make a determined fight against another $70 billion plus budget. He also will be against raising the statutory debt ceiling of $275 billion again.

The Virginian, whose state operates on a pay-as-you-go basis, will also oppose any Federal tax cut until the national debt is reduced. He maintains it is not economically sound to reduce taxes when the staggering debt remains so high.

The records show that the Eisenhower administration, from a spending standpoint, is little or no different from the Roosevelt New Deal, or the Truman Fair Deal administrations. Because of the higher interest rates it is now costing about $7.9 billion a year to service the national debt, and the interest rates some time during the next calendar year may jump to $8 billion annually.

Economic Conditions to Dictate Policy

General economic conditions during the next six months will have a bearing on any tax rate reductions. As soon as Congress reconvenes in January the House Ways and Means Committee will begin consideration of some of the pending tax measures. More than 3,000 tax reduction bills of various kinds were introduced in 1957, and are pending before the committee.

Should Congress provide an increase of $100 in exemption it would amount to a loss in revenue to the Treasury Department of about $1.4 billion a year. Continued expansion of the Federal Government means continued demands for increased funds by the various departments, agencies and bureaus. However, it is simple mathematics that until there is rigorous economy in the government the taxpayers can expect no relief.

The pertinent question conservative members of both parties are again raising is—if in peacetime there is no reduction in taxes, and the National debt remains at an all-time high, what would happen if the United States got involved in a shooting war?

Some economists in the Nation's Capital declare that if inflation continues, reduction of Federal spending is all the more important. On the other hand they insist that should a recession set in, a tax reduction would be even more necessary for the good of the country.

Politics Reigns Supreme

Because the military is going to spend $38 billion this fiscal year points up to the fact that Congress does not have complete control over spending. The military is subject to politics. The officials keep their ears to the ground. The Army, Navy and Air Force keep some of their top public relations men on Capitol Hill all the time. They are called liaison officers, and have offices in the House and Senate office buildings.

Practically all members of the House Armed Services committee, if not all, have at least one important defense department installation in their district. The Air Force is in better position to do favors for members of Congress than either the Army or Navy. When a member of Congress needs to get back to his district to make a speech or just return home to visit with the people, he usually can find a ride back home on the day he wants to return.

The Air Force usually finds it convenient to be going in that direction on that particular day, if it is nothing more than a routine training flight. This is not an infrequent thing. It usually occurs several times a week after a Congressional session gets under way.

Also members of Congress can fly straight to Europe every Thursday on what they call the "Blue Plate Special." It is a MATS (Military Air Transport Service) plane that flies nonstop. It takes off from Washington, only a 10-minute drive to the airport from the Capitol. However, most members of Congress frown on the Air Force making the flights for special trips for Congressmen.

[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

HORN OF PLENTY

Business Man's Bookshelf

Automation — A Bibliography — Long Island University Business Research Council, Long Island University, 385 Flatbush Avenue Extension, Brooklyn 1, N. Y., 25 cents.

Banking Legislation in the First Session of the 85th Congress—American Bankers Association, 730 Fifteenth Street, N. W., Washington 5, D. C.

Employment and Economic Status of Older Men and Women — U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y., 20 cents.

Estimates of Worker Trait Requirements for 4,000 Jobs—U. S. Department of Labor, 341 Ninth Avenue, New York 1, N. Y., $2.25.

Industry and Government in France and England — John U. Nef — Cornell University Press, 124 Roberts Place, Ithaca, N. Y. (paper), $1.45.

Italian Affairs — Containing articles on "Steps Taken By Italy for the Development of the Atlantic Community," "European Coal and Steel Community," "Italian and International Assistance Activities," and "The Textile Industry" — Italian Affairs, 56 Via Veneto, Rome, Italy, 15 cents per copy; $1 per year.

Life-Insurance Sales Management —Edited by Dan M. McGill — Richard D. Irwin Inc., Homewood, Ill.—cloth—$5.

Life Insurance Stocks Are Gold Chips — Victor G. Paradise — Discussion of dynamic growth record of America's life insurance industry with particular attention to 60 key stocks—Paradise Securities Company, 9477 Brighton Way, Beverly Hills, Calif., $2.00.

National Director of Post Exchanges and Ships' Stores—Gale Research Co., 1116 Book Tower, Detroit 26, Mich., $15.00

New Analysis of Personal Transport (a proposal, including cost analyses and tables, for the increased use of the smaller vehicles as alternate or complement to American luxury limousine) — Robert A. Hageman, 2915 Consaul Road, Schenectady 4, N. Y., $2.00.

New Background for Marketing Decisions—Study—Life, Time & Life Building, New York 20, N. Y., (paper).

Occupational Information for Counselors: An Annotated Bibliography—U. S. Department of Labor, 341 Ninth Avenue, New York 1, N. Y., 15 cents.

Postwar Productivity Growth in the United States — U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y., (on request).

Puerto Rico: Financial Facts, 1957 — Government Development Bank for Puerto Rico, San Juan, P. R., (paper).

U. N. Peace Force?—Summary of study prepared for Carnegie Endowment for International Peace—Public Affairs Committee, 22 East 38th Street, New York 16, N. Y., (paper), 25 cents.

U. S Consumption and Output Patterns — Bureau of Business and Economic Research, University of Maryland, College Park, Md., (paper).

With Reinholdt, Gardner

(Special to THE FINANCIAL CHRONICLE)

CLAYTON, Mo. — Charles L. Kreutz is now with Reinholdt & Gardner, 17 North Meramac Ave.

New Jamieson Branch

SACRAMENTO, Calif. — H. L. Jamieson Company has opened a branch office at 2123 J Street under the management of Jess T. Wolfe.

Mitchum, Jones Branch

SAN BERNARDINO, Calif. — Mitchum, Jones & Templeton has opened a branch office at 381 Eighth Street under the management of Rex Burback.

TRADING MARKETS

Botany Mills
A. S. Campbell Co. Com
Fashion Park
Indian Head Mills
United States Envelope
Morgan Engineering
National Co.
Riverside Cement
Flagg Utica

LERNER & CO.
Investment Securities
10 Post Office Square, Boston 9, Mass.
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