Is Business Cycle Obsolete?

By ROY L. REIFERSON
Vice-President and Chief Economist
Bankers Trust Company, New York

Bank officials and economists weigh measures and events that are now generally offered to indicate the business cycle is obsolete and concluded, however, that the many sweeping changes of recent decades promise at most to relieve some of the customary hardships and help prevent mild corrections from gaining cumulative force but that "it seems both prudent and realistic to allow for a recurrence of cyclical setbacks in our economy in the years ahead." Mr. Reiferston affirms long-term expansion prospects are bright, expects future recessions will be more pronounced than the post-World War II ones, and opines that belief in obsolescence of serious business setbacks may increase the probability of a decline.

Much has been said and written about business cycles ever since the industrial economy first appeared on the scene. The definition of the cycle, its pattern, its regularity and, above all, its causes have been subjects of widespread discussion. It is only among theorists and also among members of the business community. Nor are efforts to moderate the frequency and the severity of the business cycle of recent origin. Our history of the past 100 years contains numerous instances of laws enacted, institutions established and policy measures taken to strengthen the structure of the economy, and especially the credit system, against recurrent business and financial panics. These efforts have been greatly stepped up in our times, but until fairly recent it was little doubt regarding the recurrence of cyclical fluctuations; instead, their inevitability.

Continued on page 30

The Outlook for Business

By DR. MARCUS NADLER
Professor of Finance, Graduate School of Business Administration, New York University, New York

Aware that "large scale" deficit financing can end the readjustment period we are said to be in, Dr. Nadler expresses his opposition to cheap money cures in explaining why he believes a painful but sound interruption is necessary in order to bring the forces of inflation to an end and to lay the foundation for a better future. The distinguished banking consultant anticipates—and sees no harm in—a $2 to $5 billion public debt increase to meet the U. S. S. R.'s recent challenge, and avows a "major depression cannot" come about. Looks for the eventual decline in interest rates to revive public works and home building and unhesitatingly discerns a brilliant long-range outlook.

The downturn in business and the decline in the equity market, have caused a great deal of concern. The waves of confidence which set in in the early part of 1953 has given way to pessimism, and no matter where you go there is apprehension about the future, the economic future of the United States, and what is of equal importance, the Russians who lurk in the dark and whose aim it is to destroy our system by all means at their disposal.

Is there any reason for pessimism? Is there any reason for this great concern? Believe that if we analyze these questions, where do we come from? Where are we today? Where do we go from here? We will soon see that the situation is pretty clear that there is no reason for fear nor apprehension. Let us see where we came from. As we know, business activity began to turn down, in

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An address by Dr. Nadler before the 59th Annual Meeting of the American Petroleum Institute, Chicago, Ill.

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G. FREDERICK HELBIG
Partner, Baron G. Helbig & Co., New York, N. Y.

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**THE MOST CONTROVERSIAL ISSUES FACING THE AMERICAN PEOPLE**

By HONORABLE RICHARD M. NIXON

Vice-President of the United States

Besides strengthening our military establishment, Vice-President Nixon exaggenly calls for continuation of Mutual Security Program expenditures and our overseas information programs, and extension of Reciprocal Trade Act for at least five years. Promising for "a limited amount of balanced Mr. Nixon expresses hope for balanced budget, anticipates tax change, and asserts that in a choice of balanced budget would give way to security needs. Turning to U. S. R.'s non-proliferation agreement, Mr. Nixon pointedly wrote that "if we take a worm's eye-view of the world conflict forecast" and neglect international economic considerations then "the billions we spend for missiles...submarines and aircraft will mean little."

I realize that a speech on the possibility of tax cuts and reduction in the Federal budget would be most welcome and most pleasant to deliver from the standpoint of the American taxpayer who has just paid his income tax bill, but I must make you aware that our policies will not alter the basic course of the economy. Inflationary tendencies under current policies will continue, and American interests will be damaged by them if we don't act.

This means that substantial amounts will have to be added to our defense budget. Under this expanded program, however, there will not, and should not be, a blank check for unlimited defense spending. Our guard must be up for a long period of tension. While the strain on the Soviet economy will be greater than ours, we must make sure that ours will not absorb the strain. We must control the flow of gold and the inflow of foreign credit to maintain the former.

We have heard some panic comments to the effect that because the Soviet Union was able to launch its satellites, our military position is desperate. Our economy is not an economic system, after all. Let us recognize some of these facts.

My first reaction, I believe, is the normal reaction of every American—I am disappointed. I am sure there are many more disappointed are the dedicated men who work day and night to build our guard. I have every confidence in their eventual success. I feel we must praise this failure in perspective. It is not a military missile failure in the way that a failure in the financial field. We must learn from experience, and I hope we will not have success every time we try something new in a complex scientific field. We do our work cut out for us. We are be their work cut out for us. We are behind the satellite field—we will not stay that way. Militarily the United States and the free world over-all are stronger than any potential aggressor. We have the will, ability and resources to catch up in those areas where we are behind and to retain our overall position of superpower.

We must spend whatever is necessary to accomplish this objective.


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Observations

By A. Wilfred May

REALISM ON YEAR-END TAX MANEUVERING

Never—but never—let tax considerations interfere with sound investing policy!

This warning is particularly timely during the next few weeks, at the very end of the year, when the investor must consider the tax consequences of his moves. The reason is that the tax laws provide for deducting a certain amount of tax as an allowable expense, but only if the tax liability is in fact paid by the investor. This amount is usually a fixed percentage of the investor's income, and is often called the "tax shield." Therefore, it is important to consider the tax consequences of any proposed investment, no matter how small, in order to ensure that the investor is not paying more tax than he would otherwise.

Switching Realism

Also in the glorification of issues-to-issue switching the unjustifiably high rate of return on the switcher, let your adviser persuade you to forget ever again about tax consequences. If you are stuck with your broker, or if you feel that you must act on the basis of his opinion, let him advise you to plan the switch when arriving at an investing decision, and not to allow the tax implications of the switch to deter you. It may be that you can't get poor taking profits, but harkens to a material omission, namely the fact that the investor who is switching is going into a transaction which may be either profitable or unprofitable, the levy and the deduction can be taxed on the winnings and losses at the end of the calendar year. The cost of the switching maneuver is the cost of the service charges, in this case amounting to $500.

In deciding whether to take a sizable profit, you must first calculate the tax bill. For example, if in your Dow Chemical new issue you sold 100 shares at the beginning of the year you would realize a profit of $25,000. If you are in the 25% tax bracket you would pay $6,250 in taxes on the profit. If you take the profit, you would have a tax bill of $6,250. If you don't take the profit, you would still have a tax bill of $6,250, but you would have the tax shield of the profit. Therefore, you are better off to take the profit and pay the tax bill.

Illusions About Tax-Free

So-called tax-free dividends of two kinds also entail frequent illusion in stockholders' minds. It is true that some dividends are free from current ordinary tax income, but the tax-free amount of the dividend must be computed against the former cost basis. Thus he will be penalized at the time of eventual sale, capital gain or loss, through the reduced basis in the cost of the stock. If there is a loss in the end, the benefits may be negated, depending on your tax bracket.

The public's impression that the tax-free dividend means that the income also entails misunderstanding. Actually, a stock dividend does not constitute income, since the shareholder's proportionate ownership and voting interest is identical with his interest before the distribution.

Exemption Expense

Another very real offset to any advantage from issue-to-issue switching is the tax on capital gains from the switch, which must be reported as income for the tax year.

In any event, the net amount of profit from the switch cannot be more than the net capital gain from the switch, which must be reported as income for the tax year.

In the case of an individual with a short-term capital gain, a long-term capital gain, or a capital loss, the tax on the gain or loss must be computed as follows: if the gain is long-term, it is taxed at a maximum rate of 25% of the gain; if the gain is short-term, it is taxed at a maximum rate of 50% of the gain; and if the loss is deductible, it is allowed as a deduction from the income. Therefore, it is important to consider the tax consequences of any proposed investment, no matter how small, in order to ensure that the investor is not paying more tax than he would otherwise.

The State of Trade and Industry

Despite the current economic downturn, the state of trade and industry remains relatively strong. The steel industry continues to be a major player in the economy, with output increasing 5% in the second quarter of this year. The automotive industry is also performing well, with sales up 7% from the same period last year. The electronics industry is also showing signs of growth, with demand for computers and other electronic products increasing. However, the retail industry is experiencing some difficulties, with sales down 2% from the previous quarter. Overall, the state of trade and industry is expected to remain strong throughout the year, with growth rates of around 3% in most sectors.
Learning About Our Economic
And Financial Processes

by William McNesley Martin, Jr.*
Chairman, Board of Governors, Federal Reserve System

Federal Reserve Chairman admits economic conditions have changed and declined in bank credit demand of last 3¾ years; as reasons for Nov. 14 drop in rediscount rate. Cautions on underestimating impact of a potential rate cut. The Nov. 14 drop in the rediscount rate changes as the indicator of future policy.

Remainder of Mr. Martin’s paper compliments life insurance companies and American banks in their pioneering and developing studies in savings, capital formation, and economic, mortgage lending costs and commitments, and other financial research. Discusses Federal Reserve stress on economic intelligence, importance of applied and fundamental research, and need for comprehensive basic research activities. Welcomes CED’s sponsorship of broad three-year inquiry into monetary-credite policies of the United States.

The time has passed swiftly. It is now nearly seven years since the Treasury-Federal Reserve accord. The financial industry was most helpful in the formulation of that accord—it is not
notably through participation in the change operation of the long-term for the 2½ years. This is if my own output of this paper expresses my particular appreciation for that public-spirited action, for, without the cooperative attitude of the insurance industry, the successful accomplishment of the accord would not have been accomplished.

Perhaps all of us need to know more about it, and therefore my greatest interest is to be the importance of basic economic research. But, first, I will make a few comments about the current scene, and the Federal Reserve’s place in it.

Current Economic Scene

Over the last month, the Boards of Directors of the twelve Federal Reserve banks, with the approval of the Board of Governors, have reduced their rediscount rates from 3¾% to 3%, restoring the level that prevailed before the middle of 1954. A few days ago the Chairman of one of those Board of Directors—men who is a very good business man—had a conversation with someone who had asked him, “What caused the Federal Reserve to reduce its discount rate?” The man was able to give a complete reply in just one sentence: “The economy: It changed.”

If I were to talk about it for hours, the man would have responded better, and certainly I could not explain it any more clearly or accurately.

Indeed, it has seemed to me all along that the term “devaluation action,” announced by the Reserve Board on Nov. 14, constituted little more than a signal that, in our judgment, inflationary tendencies were developing, at least for the moment. The action was taken primarily as a decline in the demand for bank credit which began to appear most clearly in the early part of September, and has more or less continued up to the present time. This represented an important shift from the overwhelming demand for credit that is characteristic of the California gold rush, as I frequently described it, which occurred with a great noise and commotion and has occurred with amazing persistence over the period.

In accord with a flexible policy designed to lean against the wind, which gives you the better direction in which the wind is blowing the rate reduction appears at least consistent and appropriate in the execution of a continuing policy designed to enhance the economic balance. Such a continuing policy during the latter part of the year depends essentially on basic business conditions. These conditions may be changing. They may not be made by money or credit manipulations which will referred not be interpreted outside of this context, nor should such manipulations be predicated on it. It is not my purpose at this time to forecast in any way what future action will or will not be taken.

The purpose of Federal Reserve actions should always be adapted to our current perspective. This way we can devise to promote growth and stability in the economy to the best of our ability. We cannot be too constant in the use of these actions to stimulate development and research. So much for our current action. As we develop and judge these business developments we may find that the need for change in basic research and the financial processes.

Prudential Insurance Industry Research

A major liaison between the insurance and the Reserve System has been this Association’s research program. The program seven years ago was in its pioneering stage; now it has reached full maturity. Their leaders showed the greatest foresight in seeing that it and they are to be warmly commended for its inception.

As we have developed, we have been particularly impressed at the growth of this program. I think that it should comprise an approach to the study of the economic and basic research—and that is to say of research obviously calculated to improve the quality of decisions which will reduce the inflationary tendencies of the economy. Within our own context with fundamental financial processes, we believe that it is necessary to add to the sum total of knowledge about these processes.

The American Insurance Industry, I am sure, who viewed with the greatest interest our first national meeting of basic research which the Association authorized—namely, the study of the meaning and measurements of savings from a national point of view, have been served by the inquiries from the industry’s point of view was to broaden the public’s perspective and deepen its understanding of the savings process. Little was it suspected at the time that the work initiated that could be called major financial problem within a decade would become an insufficient base of understanding of basic financial processes. Few realized that there were two classes of constructive lines of public and private activity for meeting this problem: one was in the field of applied research, the other was in the field of basic research. The results of this study as a primary source being profound information and insight.

Many are informed that the Federal Reserve System has been requested by the Bureau of the Budget and the Office of Management and Budget for the purpose of providing such estimates adequately. The result is now going forward under a special staff and, by another year, the development of a comprehensive and comprehensive savings estimates under Federal Reserve auspices should become regularly available as public information.

It is gratifying to note, from Dr. James O’Leary’s (Director of Investment Research, Life Insurance Association of America) research report, that the management of insurance companies have reduced their long-term level and have reduced their policies for the long-term for the first, are asking that this basic insurance and focus on the long-term level. It is not my purpose at this time to develop this idea of basic research and insurance.

Austrian Industry

The economic condition of Austria is now considered as the most advanced in Europe, and is clearly in the early stages of a new development. The government has been diligent in providing new opportunities for its citizens, and has been successful in attracting foreign investments. The country has seen a rapid increase in its gross domestic product, with a reduction in unemployment rates and an improvement in living standards. The government has implemented policies to promote economic growth and diversification, focusing on sectors such as tourism, manufacturing, and high-tech industries. Additionally, Austria has been involved in the Schengen Agreement, allowing for free movement of people within participating countries. The country has a stable political environment, which has contributed to its economic progress.

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What Market Pol'y Now? 4

By SIDNEY L. BURIE
Research Partner, Josephthal & Co.
Members N. Y. Stock Exchange

Market analyst asserts this is a field day for unorthodox policy, with opportunity and danger in the offing, maintaining that no major bull market is in the immediate off-

1957, 350 low and 470 high. Emphasizes need for extreme selec-
tivity, with consumer industries in preferred position.

How Market Range in 1958? 8

By EDMUND W. TABELL
Director of Institutional Research, Walston & Co., Inc.

Market analyst predicts December lows will be reached late in month, followed by year's highest. Expects testing of October's lows to occur next spring, with Dow-Jones Average's 1957 floor of 416 holding in the absence of unexpected business deterioration. However, he foresees reasonably high averages of 385 low and 475 high.

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Continued on page 22
lows, the index had returned to a price equivalent to June 1954 when the Dow-Jones Industrials were around 340. Going back to the market, the various averages have held in a topping out area and that it will decline in October to just a shade above the first support level of 440-420. A downside penetration of the October low would probably indicate 400-385. From a technical point of view, the downside potential of the 1956-1957 top are confusing. A count of as low as 300 is possible depending on what interpretation is made of the pattern. Standard & Poor's 500-Stock Index has a potential 37-36 indication based on the top formed at 49-42. The recent low was around

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Aiding the Stock Market and Expanding Demand Deposits

By ROGER W. BABSON

Nationally known business analyst discusses limited effect of lowered rediscount rate; suggests banks should work harder for deposits; and lists three things that could be done to help the stock market. With reference to the latter, Mr. Babson states no emergency exists which would justify credit expansion to aid the stock market.

During the past two weeks there has been much in the newspapers concerning the Federal Reserve for reducing its rediscount rate from 3½ to 3%. Now you wonder how in the world the Federal Reserve helps your local bank.

First, it helps approximately 3000 banks which need temporary short-term funds among themselves. It determines the amount of such funds which certain banks are willing to loan to some local institutions, and these are the banks which must borrow seasonally to buy raw materials, etc., which are out of debt most of the year. To secure such extra funds, your local bank buys at the nearest big city bank where it has a loan account.

Upon the same principle, there are many small city banks which, too, may need extra funds, not only for collateral to secure local bank funds, but also for seasonal reasons. Where major banks usually either sell government bonds or use some other collateral to secure the money, local banks now may collateral to borrow from its District Federal Reserve Bank. There are 12 of these—one for each of the 12 Federal districts into which the country is divided.

Don't Expect a Reduction on Your Loan

If one of the District Federal Reserve Banks were to lower the short term of funds, it would be the Central “Vick’s,” located at New York and Chicago. It is the Federal Reserve System which has lowered the rate from 3½% to 3% on loans made not to your local bank. So you see it is a long time before this ½% reduction filters through to your local bank and any of it gets through. Certainly no reader can expect a reduction in local interest rates on account of this small reduction by the Central Federal Reserve Bank.

More Deposits Needed

Every reader of this column should read that, in the long run, a bank can loan to customers only what it receives in deposits. It is the actual dollar—what you put in your local bank, ask for its last printed statement: You will see that the bank’s own money (shown by Capital and Surplus) is relatively small. The money which you borrow is not the bank’s money, but it is your neighbors’ money. When they have many “neighbors” reduce their deposits, then the bank should reduce its loans.

Banks, therefore, should work harder to attract deposits. The simplest way is to increase the interest rate on demand deposits. We know this is to spend more on advertising. To benefit from the lower rates on rede- posits or to make extra advertising pull, banks should “get their high of old.” And they will, in all probability, listen to their neighbors in public relations. Bank employees must be friendly, courteous and be “salemen” for their banks. They may need to keep their banks open longer than usual. And perhaps Sunday nights. Definitely, they know that the bank charges interest just the same whether open for business or not.

Other Sources of Aid

Many investors who read this column can see that the stock market is just getting a little lift and that it may jump up when the Federal Reserve rate was reduced. When, however, people began to think through and see that this reduction would not help their company, the stock market fell again. In other words, this reduction will not cause consumers to buy more goods or manufacturers to employ more help. Therefore, wise investors are not buying more securities. Better the small reduction in interest rates by the Federal Reserve than the stock market.

The U. S. Government could, however, do three things which might help: first, reduce the required minimum (shown by the Federal Reserve) of banks. Lower the required demand of speculators; (2) buy more government bonds from the banks, giving them the money that they need; and (3) reduce the reserves which banks must keep at the Fed. In an emergency, one or more of these could be done. However, no person knows which one might justify these steps. Of course, America’s needs have already caused bonds to go up.

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MINE SAFETY APPLIANCES CO.

(Controls Callery Exchange)
Cement in General—Penn-Dixie Cement Corporation in Particular

By IRA U. CORLEIGH
Enterprise Economist

Volume 186 Number 5698 . . . The Commercial and Financial Chronicle

Cement has been a mixture of impressions about the cement industry and a few points of interest respecting the prospects of Penn-Dixie for 1958.

The cement industry is a unique one. Its basic products have not changed essentially since the invention of the Portland process over a century ago. But the business, like all others, has changed. Moreover, the plant capacity has been increased more than the production, so that the price of cement has been reduced since 1950 to about 40% of the price in 1933.

In addition, the use of pre-stressed concrete (cement reinforced with high-strength steel) is increasing rapidly. This has many applications in highway and bridge work, and has opened up new areas for the industry, one where it competes with structural steel. Prestressed pipes, and concrete blocks for house walls, are among the new uses added to the more traditional uses of cement. The interstate highway program, should it be successful, a 100% dividend is expected to be paid on a stock of this nature. Now bear in mind this is strictly conjectural. If you're considering buying the stock, however, refer only to the $1.20 annual dividend. If there should be an improvement in the price of cement, imagine your delight.

In both share price and earnings, Penn-Dixie has this year taken about the worst beating of any stock in the country. Next year it may seem inevitable that DXC will be resurgent. The company has already posted a healthy price increase of 15 cents a barrel and its sales give promise of exceeding $50 million for the first time. Competition is going to be tougher but Penn-Dixie did not get its present eminence by feeble sales effort! It has a talented sales eduction today. Two thousand six hundred employees and 11,600 shareholders take a lively interest in the progress and prosperity at Dixie. In addition to other favorable factors above noted, Penn-Dixie is in line for a tax refund of about $1.5 million. So while gloom seems to pervade the market thinking of many, there's a stock that isn't afraid to look 1959 in the eye. DXC will give a plural dividend in stock, in stock, imagine your delight!
A Billion Dollar Ticket
To the Future Society

By GWILYM A. PRICE
Chairman and President, Westinghouse Electric Corporation

In a "crystal ball" glance ahead to 1977, Westinghouse head predicts—and describes the products making up—a 50% higher living standard than today. Making this possible, Mr. Price opines, will be "... inventions in our time in the years ahead. The futural tour includes the 1977 typical home, home appliances, lighting, atomic powered naval vessels, serious problems confronting businesses, and engineering."

I want to look ahead into the conditions as they may be at that time. First, let's look at the population of the United States. It will be somewhere in the neighborhood of 220 million, and almost one-fourth of it—55 million—will be living in the Western states. The development of our seventh lock on the Red Sea canal will lead to redistribution of the population with the United States taking a major shift in political strength. The Western delegation in the United Nations will be substantially larger, and there will be Western senators, resulting from the admission of Hawaii and Alaska as the 50th and 51st states. The House will not have to move to San Francisco, and TV agencies will be headquartered in the West.

The national standard of living will be about 50% higher than it was in 1977. Workers will be deeply disturbed by the shocking statistics which show that only two out of three American workers will be employed by 1977. Automation, plus the use of robots, will have produced a situation where the worker will be employed in fewer than 60 million families. Workers in many states will be unemployed, and a great many will move over into another country and a city that is opening up down the road; but, on second thought, I just would not go so soon down the road.

Vocal dialing will be in experimental stages in 1977. There will be no more runs and no more changes. All naval vessels in service will be atom powered. The robotic farm will be the basis of an entire chemical industry.

Cars Hawaii as an Example

Hawaii will have a petroleum refinery and a major new industry in the motorcycle business. The new sugar cane will be one crop, but the others will not be unique. The glassware on the specially treated ore will be fired directly into the steel furnaces without the need for furnaces or coke ovens. Hawaii will have a major chemical industry with plants and, since it is in every respect a tropical island, it will have a mere 100,000 acres of power, all other plants planned or being built will have nuclear reactors, or else they will be powered by hydro power, or else they will be powered by hydro power and 20,000 acres of the land will be used for two hours a day, but not for hours a day, because they can use the hours a day, but not for hours a day, because they can use the fields for grazing and for the raising of crops. Hawaii will not have a nuclear industry with plants and, since it is in every respect a tropical island, it will have a mere 100,000 acres of power, all other plants planned or being built will have nuclear reactors, or else they will be powered by hydro power, or else they will be powered by hydro power and 20,000 acres of the land will be used for two hours a day, but not for hours a day, because they can use the fields for grazing and for the raising of crops. Hawaii will not have nuclear power, but it will have a major new industry in the motorcycle business.
Areas of Challenge
In Mass Consumption

By PAUL MAZUR*

Challengers often a stimulating force to release the energies of men. The pioneers who drove back our own frontiers were motivated at least in part by the desire to learn about the unknown. Scientists of today are dedicated also to exploring the unknown and solving its riddles. The challenge to attack and resolve difficult problems is indeed a powerful motivation for men and particularly for the leaders of men.

Challenges, however, are an active power. It can be formidable if not the probability, then success. There are no valid challenges in the effort involved in trying to paddle a canoe up Niagara Falls or in replacing electricity with gas lights. So whatever challenges department stores have possess the attributes to attract the young executives of tomorrow. Must a reasonable assurance be that these challenges can be successfully overcome, and that substantial benefits will come to those who meet and resolve the problems.

My subject is concerned with challenges and one must be able to face them in the challenges I sketch, even in a summary fashion, the probability of successful outcome.

The Lagging Department Stores

For some time now, and rather frequently recently, even friendly critics have pointed out that department stores give evidence of lack of growth of income, of markdowns, and increasing demand for capital.

It is apparent that the department stores as a group have not kept pace with expanding national income. Some department store corporate units have done as well or even much better than the economy as a whole in growth of both sales and profits. But department stores on the whole have been lagging a smaller piece out of the national pie of disposable income.

One cannot dismiss as unimportant the history of results that department-stores have written over the past decade. On the other hand, in assigning its significance, it is important to picture the place in the economy of those who engage in the work. If department stores are seeking their volume, profits, and growth from the expanding sources of national income, then the problem would appear more serious than if the votes were obtained in an economy in which expenditures are significantly increased.

And it is this latter evolution which seems to question the seriousness of the troubles.

The Power of Mass Consumption

For many years more than I like to enumerate, some few of us have been incidenting the thesis that mass consumption was our economy primarily based upon and controlled by the power of mass consumption.

Some have held that mass production in the United States has been made possible by the astonishing extent of the distribution of our consumer markets. We have affirmed that America has reached the stage in which the sustained and growing trend of consumption alone could maintain employment and raising purchasing power for labor, adequate profits for corporations and shareholders, and economic safety and prosperity for the nation and the people who make it.

For a long time, our insufficiency has been but a whisper in the din made by those who spoke fervently of the "golden goose of production" and of those who loudly worshiped Mass Production as the secret ingredient in American economic and power development.

Recently, the group of those who dare to speak of consumption not as something profane but rather as the most important single element in our economy, has become larger. Men like Sumner Slichter and Arthur Burns, whose stature as economists is considerable, have spoken of the great importance of consumption and of stimulating and expanding it so that we maintain our growth and assure prosperity.

Consumption in America has been Queen not for a day but for a long time. Acknowledgment of her reign, however, is only a very recent phenomenon.

Economic and political conditions are not always accurate but there is a rather convincing evidence of the importance of the future of an even greater development of our consumption market than has existed in the past decades. Family units are the really large users of all consumer goods except food and clothing, which purchases are concentrated in individual. Homes, cars, appliances, and the like consume in the retail the desires and demands of the families. And family fortunes promise to expand greatly in the years of the 1960s. If the present encouraged number of children per family holds for this probable increase in household formation, then the new trend will again experience an increase in its tempo. It is not difficult to assume that by the end of 1985 the population of the United States will have been increased by over 100,000,000 to a total of 270-300,000,000 American citizens and consumers. Moreover, with the employment of a week or two of week-end stimulation living in suburban and exurbia and affording more leisure time for such things as gardens, hobbies, and recreation, consumption can well be subject to a new impetus which even further will increase market sympathy in its professional importance in our economy.

Within this framework of a growing economy in general and an expanding consumption area specifically, it is imperative that the proportion of our nation's income which has been reoriented from the investment market toward the consumption market over the past decade, remained stable.

A Challenge

There, indeed, is the challenge. For it is on the backs of those who seek so many more purposes which they have a reputation for managing the store today, and on the other, the undeniable fact that much of the opportunity has not yet been fulfilled.

It should seem clear, even upon continued observation, that there is a device for the distribution of goods and services to the consumer—paradoxically to Mrs. Consumer—the department store gives evidence of possessing very substantial factors of strength. It has size which helps to make it an important place in the community; it has the ability to retain well-paid and able executives, and it has the power of acquiring itself with the needs of the local area. It offers the satisfaction of a broad segment of consumer needs. It has a reputation for standing which assure quality of products to the buyer. Its strength and size and location usually give it a call on capital from the various sources of funds for debt or equity financing.

Over the years, the department store face to face with many competitors from many quarters. The mail order house, drug store, and variety store have grown in power and volume. But, as the years rolled by, each of these competitors took on more and more the characteristic of the department store. Each sought to obtain its volume from the consumer markets by becoming more and more a unit made up of multiple departments—a department store in fact. When imitation is such a common denominator, then the form of the department store seems, indeed, to have been tried, tested, and proven, the faults the "Department Store" possesses, if there be any, do not seem to lie in its form.

The Department Store Problems

Time will allow me to review only a few of the problems of the department store in the effort to discover whether its difficulties are inherent in the situation, transitional in the changing pattern of our economy, or representative of the potential that could be converted into greatly improved results.

The problems and difficulties assigned to present-day department store operation are not inconsiderable.

I am told that to hold its profit, the department store must maintain an average growth of sales of 4% to 5% annually. In fulfillment...


Chicago, Milwaukee, St. Paul and Pacific Railroad Equipment Trust, Series WW 4½% Equipment Trust Certificates To mature $100,000 semi-annually July 1, 1958 to January 1, 1973, inclusive.

To be guaranteed unconditionally as to payment of principal and dividends by Chicago, Milwaukee, St. Paul and Pacific Railroad Company.

Maturities and Yields

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$3,435,000
(First installment of an issue aggregating $6,870,000)

Baltimore and Ohio Railroad Equipment Trust, Series JJ 4½% Equipment Trust Certificates (Philadelphia Plan) To mature $220,000 annually December 1, 1958 to 1972, inclusive.

To be guaranteed unconditionally as to payment of principal and dividends by endorsement of The Baltimore and Ohio Railroad Company.

Maturities and Yields

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$5,400,000

HALSEY, STUART & CO. INC.

DICK & MERLE-SMITH

R. W. PRESSPRICH & CO.

BAKER & COMPANY

IRA HAUPET & CO.

MCMaster Hutchinson & Co.

WM. E. POLLOCK & CO., INC.

SHEARMAN, HAMMILL & CO.

Baltimore and Ohio Railroad Equipment Trust, Series JJ 4½% Equipment Trust Certificates (Philadelphia Plan) To mature $100,000 semi-annually July 1, 1958 to January 1, 1973, inclusive.

To be guaranteed unconditionally as to payment of principal and dividends by endorsement of The Baltimore and Ohio Railroad Company.

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$5,400,000
(First installment of an issue aggregating $6,870,000)
Life insurance head comments on the encouraging growth of the gas industry and points out that about 60% of the gas industry's debt is owned by life insurance companies. The nature of a post-World War II investment in the gas business is examined because Mr. Oates who terms this the enemy of every man, woman and business in the nation.

Since 1945 through Dec. 31, 1956 the eighteen largest gas pipeline companies had invested in the gas industry by six life insurance companies as follows: $10,128,760,000 in 1945, $11,471,000,000 in 1956. This increase is about 27 times the 1945 total. The gas distribution companies' debt at Dec. 31, 1956 owned $1,902,878,000,000 by insurance life companies. This is 73.5% of the total assets of all gas distribution companies. The investment in the gas industry comprises 4.0% of the assets of all life insurance companies.

Moreover, it would seem, perhaps, is the fact that on Dec. 31, 1956, the total debt securities of the entire gas industry were $56,500,000,000. Of this amount about 43% was held by the largest life insurance companies. Since these companies hold 72.5% of all life insurance assets, it would seem that about 60% of the gas industry debt is owned by the life insurance companies.

Big Business—Its Challenges and Obligations

Public utilities and life insurance companies have in common the fact that they are relatively large enterprises. Each enterprise shares the disadvantage of continual and persistent charges that being big brings to them. These are necessary evils. Where public service companies are concerned with public business concern, the vulnerability to the careless and unhinging all system is a large business. We believe that big business is not evil. As a matter of fact, only men are evil and only men are good. Big business is neither evil nor good, per se, and I submit there are as many challenges for and to big business as there are in big business.

As a matter of fact, the larger the responsibility the greater the opportunity and the clearer it is to the thoughtful manager that the public interest must come first. It is the larger businesses that can increase the awareness of opportunities and the increased sense of responsibility. Belief must be the rule that the public interest must guide business and constitutes an ideal which is the height of reality.

We, of course, all know that there are great economic advantages in large companies, such as the large concerns which can do certain things which could not be done by a smaller company and which are of national need. It is the large company that provides the vast needs for successful research on the frontier of advance

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*From a talk by Mr. Oates before the annual meeting of the American Gas Association, St. Louis, Mo.
The High Price of Money
And Industrial Development

By NARCIS WALLENN
Chairman of the Board, L. M. Ericsson Telephone Company

You aware low rates of interest a prerequisite for economic expansion, internationally known Swedish banker-industrialist suggests how capital supply can be increased, Mr. Wallenberg castigates creeping — foreseen — inflation in discussing influencing factors. He outlines a serious situation, and calls attention to some of the paradoxes of tight money that occur when wage increases demand and capital are stabilised. Aspects cheap money is no alternative to unbridled inflation, benefits and losses are not a sufficiently powerful magnet for capital to flow. This will be all the more so since the cost of labor and wage increases is the highest cost in the value of money. The built-in stabilisers will not be corrected for by wages, and it is in the desired inflationary phase in the economy.

Tight Money and Wage Increases
Looking back, the effects of tight money is quite noticeable: there might be some risk that the same factors that have made other means of economic policy unpractical will also challenge tight credit. The built-in stabilisers might not be corrected for by wages, and it is in the desired inflationary phase in the economy.

Tight Money Is No Alternative
This gives indeed a gloomy picture of possible problems that arise, but the problem is not so serious. However, in any circumstance I would like to recall the effects of compensatory measures to offset the adverse consequences of the so-called foreseen inflation. It should be clear to everybody that cheap money is today no alternative to tight money. Liquidity technically is a question of degree, and disregard of real scope for capital formation would certainly pave the way for an accelerated fall in the value of money. This is an important factor to be considered in the economic situation on the capital flow to-undereveloped areas with pressing needs for capital for capital formation. Lack of capital resources is an advancing condition that means that capital formation would have to be undertaken to cope with the existing situation.

The Prospects may be obtained in any State in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such State.

HALSEY, STUART & CO. INC.
SHEARSON, HAMILL & CO. STRUBG & COMPANY
THOMAS & COMPANY

December 11, 1957

$3,000,000

Brockton Edison Company
First Mortgage and Collateral Trust Bonds, 4 1/4% Series due 1987

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

$3,000,000

This announcement is not an offer to sell or a solicitation of an offer to buy such securities.

The offering is made only by the Prospectus.

Price 10 2/4% and accrued interest

The offering is made only by the Prospectus.
Smashing the Barriers of Inertia and Complacency

By ROBERT S. KEER

United States Senator from Oklahoma

Internationally we are face to face with a graver danger than that which has been described by Senator Pepper, and the President in urging the "use the full power of his office to smash the barriers of inertia and complacency" as to remove us from a position of a "poor second." Turning to the domestic oil industry problems, the Congress has twice—once in 1949, and again in 1958—voted defeated amendment to the Natural Gas Act in 1958. Congressional session repelling expected attack upon depletion tax allowance, and for a solution to the oil import problem.

Congress has twice—once in 1949, and again in 1958—voted amendments to the Natural Gas Act. We must, if possible, do so again in 1959.

It was never the intention of the Congress that the cold, dead hand of a Federal control be felt on the production, refining, or sale of oil or gas in a free America.

There is no choice between the po- litical line we take in our voting record in the passage of legislation and the matter of their veto. Both bills were passed with bipartisan support. The precedent of the filibuster, a bipartisan and equally unjustified.

If this great industry is to be pro- duced and developed, the barriers and restrictions of natural gas need to be removed. If the United States is to be preserved as a free nation, we must not only again pass such an amendment to the Natural Gas Act, but we must become a part of the law.

As a Senator from Oklahoma, natural gas production is Oklahoma's greatest industry. As such it is entitled to the fullest possible justice before the law. I am equally aware that the oil industry, which is Oklahoma's second largest industry, and is just as much entitled to the same treatment, but the oil law as is Oklahoma's agricultural industry.

I remember that it was my privilege to speak to the American Petroleum Institute in their meeting eight years ago.

Eight Years Difference

Many elements of our environ- ment have remained the same, but there are also many differ- ences. Our technology and standard of living and evaluation of these differences depends the future, so that we are no longer the same country, and of the free world.

The fact that a few of these differences: The daily average of natural production of crude oil for that year, 1949 was 645,440 barrels, in 1957, their average is 1,541,800 barrels.

In 1949, the U.S. Treasury was paying a premium of only 1% on their bills and one-year certificates, and a little less than 1% on long bonds. Our long-term bonds were selling at a premium as so many short-term government bonds the day the government is paying coupons. Our long-term bonds are now selling at a discount of about 14% below par, or on a basis to yield 3.88%. The profit on a $10,000 bond in 1951 on national defense; in fiscal 37, we spent in excess of $43 bil- lion for defense.

Since 1950, the rate of indust- rial output was about 7.5% of the population, and this is about double that of our own population. It is significant fact in this connection that the rate of industrial output has been practically at a standstill.

In 1949, the combined military strength of the United States was greater than that of any other na- tion on the earth; today, we have been reduced to second place in the world. In 1949, the United States was the undisputed leader of the world in scientific knowledge, industrial production, and consumption. The last few months have demon- strate that our country is in need of vital and important fields of scientific knowledge and pro- gress, and that we are not second, but rather a poor second today.

Our Greatest Danger

On Oct. 4, the Russians launched Sputnik No. 2, a satellite weigh- ing more than half a ton, which is now traveling around the world once every two days. The Sputnik has traveled a thousand miles out of the earth. And what have we, who call ourselves the greatest nation in the history of the world, been doing about it? We are still talking about getting a satellite which weighs six pounds.

The free world has been shocked by these developments. The American people and our Defense Depart- ment are now working on their heels. We have been caught short in the cold war in which the West is now fighting for more than a decade.

The difference between the two Satellites were the difference that satellite that would be far more powerful than any that we have ever had before.

Thus, it is perfectly clear that Russia is far ahead in the development and production of the most important two satel- lites, which is the most decisive weapon yet con- ceived by man.

Yet, a more tragic fact is that we have not yet awakened to this point, and that we have been in both the improvement and pro- duction of our Intersatellite satellites, a mistake which calls for a national effort. We have not yet awakened to the real need for the development of the Intersatellite satellites, which it would take us, at the present rate of development, several years to get to where they are now.

Unless we move vigorously and resourcefully to the new task of equalization and reestablish our su- premacy in the world, the future of our country will beuir- ly be determined—but not by us.

This set of facts has shattered the illusion that we had as to our position of su- premacy in the field of scientific production and achievement. It also shocks us into a sober realization that there is no one way in which we may do that we are not immediately recognized that we are today face to face with a very real situation in our history.

Hence, the need for the policy of complacency at this time is an invitation to na- tion, may be a kind of, on an instinct, stick our heads in the sand and hide from the truth, which is a threat.

Clarence Randall, Special Asst. to the President (foreign affairs), is quoted re- cently as saying, "The reverse of the White House, this statement: "The President and I feel that the Russians have beaten the United States in scientific endeavor."

And, on Oct. 8, our then Secre- tary of Defense, Mr. Robert S. McNam- na, called it "a nice scientific trick." He further said that the Russians had beaten the United States in scientific endeavor. "It would be a sad day if we could not (in the satellite and missile field) produce something so pretty, unattractive to increase taxes.

Recently, Secretary of State Dulles made the understand- ing that the United States would be the Russian satellites he said, "It looks as though in some respects they are somewhat ahead of us." Then he went on to say something to the effect that we have a "near" scientific trick. What is it that you think is that unbalanced society of the kind that they have?"

No Complacency

Of course, you can't want an unbalanced society. Only those of little conscience would think that we should have an unbal- anced economy to keep pace with Russia in any way, shape or de- pavor. Only a few Russians and our American friends are capable of doing us in any necessary effort.

If that kind of complacency is permitted to find its way into the lives of our government, it means we are playing into the hands of the unbalanced society.

We must face up to the fact that the launching of these two satellites by Russia, is its right and the unbalancing of our country to a greater danger than the one we faced after Pearl Harbor.

There is no doubt, there was no complacency, high nor low, in the military, in the government, or in the unencumbered or the diarn. Neither was there panic. Nor should there be either panic or complacency. When we are faced with this we can find comfort in the certain knowledge that we also have been thinking and doing about it.

After Pearl Harbor, we knew that we had weapons which were superior in quality and kind to the weapons of the Axis, and that we had only to develop the facilities with which to produce them. Today, we are confronted by an enemy that we have not expected, and we do not know how to produce.

During and since World War Two, we have demonstrated that we have the core of the world's military power in the world de- signed upon us, without a year, they have now permitted a Godless nation, and one that was far be- fore us in military might, ability, progress, and research, to beat us in a field of science. Today, we are con- fronted with a threat.

We are now a free people, happy to get this information. However, it was far from rea- sonable, and the view that the Russians "quite likely" are only a few of us in some missiles and "speed" is only a few of us in the area, is possibly that we "may fall short of the American people," so we are on the overall basis in the years to come.

Present, the year, 1959, the Russians believe that we have a military program, which is too short, and that we have not faced up to it and we will do it.

Criticizes Eisenhower's Speech

As before, before, we must know that the Eisenhower Administration, to the truth shall make you free.

Cricket of Eisenhower's Speech

The American people last Thursday night to reassure us and give us the impression of a field of guided missiles and satel- lites, of threats to our way of life, of the previous publicized facts, and some facts concerning our military strength which we are to be treated as top secrets. We were, of course, happy to get this information. However, it was far from rea- sonable, and the view that the Russians "quite likely" are only a few of us in some missiles and "speed" is only a few of us in the area, is possibly that we "may fall short of the American people," so we are on the overall basis in the years to come.

Present, the year, 1959, the Russians believe that we have a military program, which is too short, and that we have not faced up to it and we will do it.
Sparse Week Ahead

In looking with the seasonal trend over the next several weeks, some borrowers will be able, for the balance of this year, to continue to direct their attention to the task of working out necessary changes in their portfolios. Certainly the new issue calendar for the ensuing week is not filled with any material new issues, but it does contain four issues at the moment, and these are among the most important ones.

During the week banks are scheduled to sell up to 460,000,000 of Series B ordinary shares representing Israeli Paper Mills Ltd. The only company currently authorized for the sale of Consolidated Cement Corp.'s $5,000,000 and 150,000 shares of Simplicity Paper Inc. common stock, also due for market via the negotiated route.

Reinholt & Gardner
Absorbs Hill Bros.

ST. LOUIS, Mo.—Reinholt & Co., 351 Locust Street, members of the New York Stock Exchange, have announced that they have acquired the investment banking and brokerage business on behalf of the Hill brothers and many of the Hill Brothers' staff have joined Reinholt & Gardner.

Newburger & Co. to Admit Two Partners

PHILADELPHIA, Pa.—Newburger & Co., 1491 Walnut Street, members of the New York Stock Exchange, have announced the admission of Albert J. Berko and Alfred A. Stieglitz as partners in the firm. They have been on a number of occasions in the cash department and have already put their heads together and come up with a new concept. Their acquisition will be welcomed by the industry, and it is expected that they will quickly develop into important officers and managers in the firm.

Francis I. du Pont
To Admit G. R. Foote

On Jan. 1 Gordon R. Foote will become a partner in Francis I. du Pont & Co., 1 Wall Street, New York City, members of the New York Stock Exchange. Mr. Foote has been with the firm for many years.

Sade & Co. Admits
Walters as Partner

WASHINGTON, D.C.—Sade & Co., Investment Banking, members of the New York Stock Exchange, have announced the admission of Old M. Walters to partnership. Mr. Walters is manager of the firm's trading department.

Goodbody & Co. to
Admit A. M. Seaber

MIAMI, Fla.—On Jan. 1 Alfred M. Seaber will become a partner in Goodbody & Co., Investment Banking, members of the New York Stock Exchange. Mr. Seaber is manager of the firm's Miami office, 1111 Biscayne Blvd.

E. S. Cowgill Joins
Wilson, Johnson Co.

SAN FRANCISCO, Calif.—E. S. Cowgill has been associated with Wilson, Johnson & Higgins, 209 Montgomery Street, members of the New York Stock Exchange, and has recently become an officer of the firm. Mr. Cowgill is manager of the firm's office at Los Angeles, and is responsible for the firm's business in that city.

New J. M. Dain Office

EDINA, Minn.—J. M. Dain & Company, Inc. has opened a branch office at 196 Southdale Center under the direction of J. Putnam O'Grady.

The failure of our satellite down at Cape Canaveral, Fla., instead of being due to a national, decision, should clarify the role of the men involved in the premature propaganda. We have been encouraged many times in the past to believe that the Russians got their spats into the air.

Reinholt & Gardner

First, there is the attitude of the Demo¬
crats. Faced with the fact that they sharply reduced the Eisenhower budget at the last session, particularly that of the mili¬
tary, they have not been so bold as yet as to say we need a greatly increased appropriation in this area. There is considerable agitation to this end but only the Minority spe¬
cemen — Senator Lyndon Johnson, Speaker Sam Rayburn at al., have shied away from this far.

Newburger & Co. to Admit Two Partners

PHILADELPHIA, Pa.—Newburger & Co., 1491 Walnut Street, members of the New York Stock Exchange, have announced that they have acquired the investment banking and brokerage business on behalf of the Hill brothers and many of the Hill Brothers' staff have joined Newburger & Co.

Francis I. du Pont
To Admit G. R. Foote

On Jan. 1 Gordon R. Foote will become a partner in Francis I. du Pont & Co., 1 Wall Street, New York City, members of the New York Stock Exchange. Mr. Foote has been with the firm for many years.

Sade & Co. Admits
Walters as Partner

WASHINGTON, D.C.—Sade & Co., Investment Banking, members of the New York Stock Exchange, have announced the admission of Old M. Walters to partnership. Mr. Walters is manager of the firm's trading department.

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Helpful and Threatening Forces
Facing the General Contractor

BY JAMES D. MARSHALL
Executive Director, Associated General Contractors of America
Washington, D. C.

Mr. Marshall praises AFL-CIO Building Department head for his...
more volatile market life but still hasn’t swung over an arc of a full 15 points. It too, has a well-sheltered town in the Union, and in addition, a small “float” of stock since about 70% of the issue is privately held.

**Consumer Issues**

Other “consumer” issues where sales are expected to hold up well were among the other favorite items. Among those Relevon that have been well deflated from previous peaks. The yield on Relevon units that is well covered by earnings. The firm’s profit, incidentally, increased almost sensationally from 81 cents three years ago to above $3 this year. Earnings projections indicate the final figure would be around $3.35. The stock sold as high as $40 earlier in the year but lately has been available at around $27 against the low of $21.

Colgate-Pal-molive, one of the three top soap outfits, was also held promising in the soft goods lineup. Like the others in this highly competitive industry, heavy promotional expenses are necessary at times and were credited with causing last year’s dip in profit. This year, despite a drop in domestic sales, earnings were higher and the dividend is amply covered. It has been available at around 6% despite a dividend record unbroken since several years before the turn of the century.

**Ward Still Neglected**

Montgomery Ward, also a purveyor to the consumer, has done little to change the impression that the new expansion program is attracting any investor attention. In part this has been because the heavy expansion and expenses incident to store modernization have been at the expense of earnings. But with its aggressive merchandising steps underway now for around a year, expanded earnings in the future could be within sight. The strong cash position of Montgomery indicates that the dividend is secure and it represents a return of better than 7%.

**New York Stock Exchange**

**Weekly Firm Changes**

The New York Stock Exchange has announced the following firm changes:

On Dec. 31 Harold A. Bray will retire from partnership in Bacon, Whipple & Co.
Hugh H. Goodsite will withdraw from partnership in Collins, Norton & Co. Dec. 31.
Durwin D. Ayalor will retire from partnership in Goldman, Sachs & Co. Dec. 31.
Knapp B. Phagan, Jr. will retire from partnership in La Grange & Co. Dec. 31.

**Halsey, Stuart Group Offers Brockton Ed. Co. 4½% Bonds**

Halsey, Stuart & Co. Inc. and associates offered yesterday (Dec. 31) $2,000,000 of Brockton Edison Co. first mortgage and collateral trust bonds, 4½% series due Sept. 1, 1967, at 102% and accrued interest, to yield approximately 4.46%. Award of the bonds was won by the group at competitive sale on Dec. 19 on a bid of 101.25%.

Net proceeds from the sale of the bonds, together with proceeds from the earlier sale of 30,000 shares of its 6.40% preferred stock, will be used by the company for the purchase of $4,200,000 principal amount of common stock of Montauk Electric Co.; the latter will use the funds to pay a portion of bank loans contracted in connection with the installation of a new 100,000 kilowatt generating station, expected to be in service in 1609. The balance of the proceeds received by Brockton Edison will be applied to reducing currently outstanding short-term bank loans incurred for construction purposes.

Brockton Edison Co., a member of the noning company system of Eastern Utilities Associates, is engaged in the distribution of electricity in Brockton and other Massachusetts communities, having an aggregate population of about 100,000. It also has a substantial interest in Montauk Electric Co., electric generating company, which supplies Brockton with all but a minor portion of its electric requirements.

The bonds will be redeemable at regular redemption prices ranging from 101½% to par, and at special redemption prices exceeding from 103½% to par, plus accrued interest in each case.

Operating revenues of Brockton Edison during the 12 months ended July 31, 1967 totaled $3,000,000, and net income amounted to $1,086,313.

Associated in the offering are: Shearson, Hammill & Co.; Stroud & Co., Inc.; and Thomas & Co.

**Recruiting Telephone Ideas for the Future**

Bell System’s new Customer Products Planning Division has the fascinating job of generating, screening and testing new ideas for ever-better telephone equipment and service.

Here in this quiet room is shaped an important part of the future of the telephone.

For here are gathered together from many sources the hundreds of new engineering and styling ideas... even the “screwball notions”... from which the telephone of tomorrow will be developed.

Which are good? Which are bad? It is the responsibility of the Customer Products Planning Division to find out. And to select for development and production those items that people really want.

No idea seems too farfetched for careful consideration by this hard-headed but hopeful group.

They go on the premise that even a poor idea may spark a good one, and that you never know how good an idea is until you try it.

So, when an idea looks promising, working models are developed and designed by the Bell Telephone Laboratories, built by Western Electric Company, and tried out in homes or offices. Thus no bets are ever made, and no costly mistakes are made.

This is just one reason for the success of Bell System’s continuing program of research for ever-better telephone service.

**Working together to bring people together**

Bell Telephone System
By VANCE VAN DINE

Morgan Stanley & Co. Inc.strom to say something interesting, exciting, and vital. A job a young man can have in the finance world is one of the opportunities open to young men for successful careers in the securities industry. By way of illustrating the point, a group of the younger men in Wall Street described the functions of the specific departments with which they are intimately familiar. The panel was moderated by Maitland I. Jams, Vice President of the Investment Association of New York.

Anticipated Incomes

As has been anticipated average income, the youngest age group (under 28 years of age) can expect to average $13,000 within five years, and $22,000 in ten years. In contrast, their earnings in ten years. The greatest age group (under 35 years of age) is $31,000 within five years and $40,000 within ten years. In general, the older they are, the better their earning power, as shown by the earlier figures I gave. This is because they feel that they will see any diminution in their earning power in the next decade.

Qualifications

The first concern of a young man choosing our business is getting a job. Some jobs are talked about in the financial world, and the development of a definite plan of financing are the first things that come to mind. You have learned to appreciate this concept and, in the performance of your job, I shall not presume to explain that you must do to show you what a young man fits in.

Selection of the bank in which to work is the next consideration. It is on the money-making side of the business that the job is made, and the opportunity to work with the top-level people in the companies is the most desirable of all.

A Registration Statement

In our firm, each issue is worked on by a Registration Department, comprised of one or two junior men who sit on offices and participate in the preparation of the Registration Statement. The second Registration Department, or the company’s own staff makes the business headline, and the senior man takes care of the issue. The first Registration Department, which I worked on, was on offer for one of the country’s largest manufacturers, and they had a very large staff. The company had a great deal of money, and the offering was expected to be a success. We gave them a large staff, but the leak might easily prevent the plan from being consummated.

For all educational requirements, it is best to have some knowledge of the second liberal education at the undergraduate level. A pronounced recent trend by investment banking firms toward graduate school graduates, although other considerations can be sure that that initial duty. M.B.A. have few degrees and find the high cost of college, there is a great cost of college, and the cost of the high cost of college, and the cost of the high cost of college, and the cost of the high cost of college, and the cost of the high cost of college, and the cost of the...
The top management, here, is allowed to carry just as much weight and influence as capable of assuming. His ideas will be listened to, and acted upon, just as much as those of me.

Then, as anything that happens in the market to affect the securities market, this reading should also be a general comment on the condition of the financial development, but every. The securities market is an essential part of the state of the economy, politics, foreign policy, etc.

The purpose of all this reading is to learn the essence or failure of a securities salesman lies in his ability to obtain and develop leads, and to dispose of the soundness of his particular. This subject is continued to all securities, with a wide variety of individuals, and it frequently changes, as in the last analysis, he is his own salesman, and he must be a knowledgeable manager, and his own merchandising manager.

Sales Opportunities
No talk would be complete without mentioning the opportunities that exist in selling and marketing. In this, I do not mean to imply by this statement that there are not other opportunities for these institutions or that institutions are always the successful in their security selections.

Individual accounts are rarely neglected, and by them following up the leads secured by their advertising and personal contacts with the reputation of the firm. The task of following up a lead involves the individual investor, who has the opportunity to present his ideas, and is presented, not only to institutions but also to individuals.

While while selling has never given me a chance to ride in the personal plane of a large corporation, or to fly over the Gulf of Mexico exploring oil pools, I shall have the same opportunity to visit the sales offices of our large companies, and to be on the alert for any opportunity to make new sales.

A great deal of money is spent each year in advertising.

The sales force is one of the most important departments of the company. It is the responsibility of the sales force to work with other departments of the company in order to achieve the best results.

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**Career Opportunities in the Securities Business**

WALTER P. STEIN

Burnham & Co., N.Y. City

Research men used to be called "books" and a "book" was a man who had a sound knowledge of the market. A great book would know the price of every security and the trend of the market. Today, a book is an information officer. He is an expert in the art of communicating with stockbrokers and other people interested in the market. He is also an excellent writer, with the ability to express his views clearly and concisely.

Seek Participation

A smaller firm may be less dependent on research, but it may represent both the sales and syndicate departments. At the same time, it must have a research firm in order to make sure that its capital and type of distribution needed by its clients is available. In addition, it will be necessary for the firm to be consistently invited into the more desirable syndicate.

In competitive bidding, the best bid is not necessarily the best for the Stern

One must protect its interests by doing its own research and work by seeking in the price meetings a representative capable of inde
dsideration of the type of security.

Bright Future

If there is a future in our business and I feel there is, I believe we will be prepared to continue in the syndicate field. Syndicates and investment banking firms are not likely to go out of business, but other requirements of current market conditions, and definitions of responsibilities of the syndicate in the future, may be important.

Research and a Career in Securities

How does research work fit into a career in the securities business? I think it can be broken down into a few very important things. The first is probably the background that one can have to go into virtually any type of investment field. Secondly, and more importantly, there is the need for a secure, lucrative field in itself.

Taking research as an example, the investment banker, the syndicate, and the securities business in general are the type of field in which there is always room for new and creative thinking.

Research: A Career in Itself

Turning to Research as a career in itself, there are many avenues that can be pursued—although lecturers at Columbia University have said that one result of research must be that we have to train the individual who will work in the field with research.

The next step is the investment banking firm where one can make his living by doing research. There are many opportunities for people to work in the syndicate field and, in doing so, to develop a career.

Research as a Career

It is not possible to explain briefly how the research function is carried out in a large security firm, but it is possible to describe the different areas within the field.

One area involves the study of the economy and the markets. This is done by examining the economic and financial conditions of the country and the world. This information is then used to make investment decisions.

Another area is the study of individual companies. This involves analyzing the financial statements of companies, the industry in which they operate, and their competitors. This information is then used to make investment decisions.

A third area is the study of specific securities. This involves analyzing the characteristics of individual securities, such as their risk, return, and liquidity. This information is then used to make investment decisions.

Research as a Career

Research as a career in itself is a difficult job, but it is also extremely rewarding. It is a job that can be pursued for many years, and it can be a career that leads to success in the securities business.

To summarize, the career in Research is one that is exciting, challenging, and rewarding. It is a career that can be pursued for many years, and it is a career that leads to success in the securities business.

**Merrill Lynch Group**

Offers Chesapeake & Potomac Tel. Debs.

Merrill Lynch, Pierce, Fenner & Beane, as manager of an underwriting syndicate on Dec. 10, offered a new public subscription of 2,000,000 shares of common stock of Chesapeake & Potomac Telephone Co., at $14 per share, to raise $28 million. The company's debentures, due Dec. 1, 1903, at 102.781% and secured interest, to be used in the development of the Chesapeake & Potomac Telephone Co. of Maryland. The company is expected to go public next year, and the proceeds will be used for the development of new telephone systems and the expansion of the company's operations. The company's common stock will be listed on the New York Stock Exchange. The company's current stock price is $30 per share.

**Geoff K. Baum Company**

Adds Two to Staff

KANSAS CITY, Mo. — Geoff K. Baum & Co., Ltd., have added two more associates to their staff. T. A. Caufield and W. B. Seabrook have been added to the sales staff of the firm. T. A. Caufield has been with the firm for seven years, and W. B. Seabrook has been with the firm for two years.

**The Commercial and Financial Chronicle**

Thursday, December 12, 1937
Inflation Through Arbitration
By PAUL EINZIG

Wage inflation resulting from submission of labor-management disputes to arbitration, which points out that arbitrators are not guided by any recognized set of rules and would hardly allow overriding requirements of the national economy to enter into their decision-making processes. This reliance frequently played upon cost of living and productivity criteria, in such cases, in holding these are damaging and misleading guides.

LONDON, England.—The firmness displayed by railway employees and the National Union of Railwaymen last week in impressing the trading public with their determination to secure a wage increase has not, however, been accompanied by any marked increase in claims for increased wages. As a matter of fact, those claims which are now appearing are much more subtle and do not seem to be likely to be yielding the results desired by the workers. In many cases, the claims appear to be a device to force the employers to raise the wage claims to arbitration. Instead of applying brute force, they are using what is known as a "no work" threat. If the latter fails, they may resort to a peaceful settlement of their dispute by submitting them to arbitration.

Under the British system, employers and employees both are represented in equal numbers on tribunals of arbitration, and the chairman is appointed by the Minister of Labor from a panel of "impartial" persons, normally such as academic economists, lawyers, retired senior officials, etc. For all practical purposes, therefore, it is always the chairman whose decisions are decisive, for his decision on the various matters of employers and employees are not only impossible to review by their respective sides. This means that arbitration in this country is free from those wage disputes of the major industries that are settled by strike and lockout. It was the choice of chairmen of the tribunals that would determine Britain's wage trend.

There is no recognized set of rules on which the arbitrators can base their decisions. Each chairman has to elaborate his own, for the workers have to know their decision as to the overruling requirements of the national economy? The above is an unavoidable case. Many cases may be made out in which the wage increases, viewed from the point of view of the groups of employees concerned. But the sum total of these unavoidable cases do not, however, doubt some arbitrators will be fully alive to this. This is to mislead the problem. Even so they may take the view that their job is not to run the economic policy of the country but to secure a fair deal to the group of employees whose fate they are called upon to determine.

To link wage increases to inflationary rises in costs or increases involved task. Economists, politicians, trade unionists and employers are all agreed to study it in detail. Hitherto it has been an exasperatingly vague. It is only in the last year or two, however, that the efforts have been drawn to the inflationary matters into that is liable to arise from the increased. Some of the progressive industries are now enjoying a full share in the inflationary rise in productivity. This would leave nothing for satisfying the wage demands in industries which have not conformed towards the increase in productivity. Of course, wage demands are not the same. There have been great increases in the more important case, and that high margins tend to reflect some of the wage rises in a less favorable condition. And the margin, if paid, is not likely to be increased to the better grade of the more important industries.

The following paragraphs may be used to apply rigidly the principle of maintaining a constant margin. If there is no accepted set of standards of determination, an arbitrator awards increases to the wage claim. If the latter is not underpaid compared with other industries, the previous margin will be the only one to prevent other arbitrators from granting further increases to those who are not paid. The law of diminishing returns applies in most industries, but this does not apply to the margin, which can be applied to the other side of the argument that the margin can always be applied to the other side of the argument, but this does not apply to the margin, which can be applied to the other side of the argument on the margin of the wage claim.

It is the purpose of this paper to be published in The Financial Chronicle on Nov. 28, in announcing that the chairman of the arbitration tribunals of the great New York Stock Exchange, Mr. Leighton, had previously been associated with Merrill Lynch, Pierpont, Fenn & Co. and Combes & De Vries, Inc. We are informed that this is now an in 1947, which still leaves it with a respectable showing some 111 years.

If we go to the New York City, find Second National and National Bank of New York with records of 124 and 121 years respectively, in Philadelphia, Pennsylvania Company (now merged with the First National Bank) 161 years; Citizens Bank of Philadelphia, 121 years. Many of the larger banks in the interior, Chicago, Cleveland and the rest, have suffered interruptions in the depression years of the 1930's.

Returning to New York, we find that City Bank's unbroken span of operation sets an example as has been the case in New York with North River Insurance has paid consistently since 1838, about 120 years; Hanover Fire since 1853. Of course, the reason for most of the records in the South is that the great Chicago Fire, or the Boston conflagration, or that of Virginia City, the three catastrophes having hit the Pennsylvania hard, have caused many banks to be closed, and have caused widespread breaks in the larger and stronger carriers.

There are other known insurance companies that have good record, such as the Chicago, and the Philadelphia for the Insurance of Homes from Los Angeles, fire, organized in 1852.

The largest example of the New York stock, the depression years, better than most large groups so far maintained low dividends payments was the case of 1947.

The following parallel comparison uses the customary thirteen leading banks of New York City, with the thirteen industrial, railroad and utility companies, listed on the stock exchange, which show the longest continuity dividend.

Two With Bingham, Walter
(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Lester S. Bingham, Walter and Company, have been associated with Bingham, Walter & Hurr, Inc., 205 South Hill Street, members of the Pacific Coast Stock Exchange, definitely independently with Leinart-Kreiger & Co.; Mr. Walters was with Hill, Richards & Co.

This seems to be an obvious case of spamming existing and new arbitrators. The arbitrators are now threatened with a reduction in force, as some of them are not satisfied with the increased number of arbitrators. Mr. Leighton is threatened with a reduction in force, as some of them are not satisfied with the increased number of arbitrators. Mr. Leighton is threatened with a reduction in force, as some of them are not satisfied with the increased number of arbitrators.

The Bank and Financial Chronicle

Bank and Financial Chronicle

Bankers Trust Company, New York

Bankers Trust, New York Company

Bulletin on Request

Laird, Bissell & Meeds

Members New York Stock Exchange

311 BROADWAY, NEW YORK 5, N. Y.

Laird, Bissell & Meeds

Bankers Trust Company, New York

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Bulletin on Request

Laird, Bissell & Meeds

Members New York Stock Exchange

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What Market Policy Now?

Continued from page 6

What's new on the

points up the need to be flexible. Doing nothing is sheer suicide. If you
blind your eyes to a particular field of speculation, the merry-go-round will pass you by.

In my book, there's more room on the upside in the stock market, too. But the opportunities are
going to be a little bit off the beaten path—they won't necessarily be in the obvious or most
popular groups. For example, a case can easily be made for the following stocks:

Deere;
CIT;
St. Joseph Lead;
Penn-Dixie Cement;
American Radiator;
Wilson;
Cities Service;
St. Regis Paper;
Alco Products;
Burlington Industries;
Hoskins Industries;
Inter, Tel. & Tel.

But the point of all this is
two-fold: (1) Ours is a business of calculated risks—and price is
the acid test of any philosophy.
(2) This is a time for unorthodox thinking. (3) The key to success
is faith, ability, courage and perspective.

Wm. Roberts Sec.
Of Managed Funds

ST. LOUIS—W. Munro Roberts,
Jr., senior partner of the law firm
of Henevian, Roberts & Cole, has
been appointed secretary and gen-
eral counsel of Managed Funds,
Inc., Hilton H. Slayton, President
of the nationally-distributed mu-
tual fund group, announced.

Roberts, who will continue with
his law firm, has been a legal ad-
viser to Managed Funds since 1951.
In 1955, he became a stockholder
of Slayton & Co., national retail
distributor of the fund group, and
a Vice-President and Director of
Mutual Fund Distributors, Inc., its
wholesale underwriter. He was
elected to the Managed Funds
Board of Directors last year.

Since 1948, Roberts has been an
assistant law professor at Wash-
ington University in St. Louis,
where he completed his legal
education the same year.

Arthur P. Abbott
Arthur Pope Abbott passed
away at the age of 85. Mr. Abbott
had been associated with Price,

Self-clearing hopper cars—shown here loading iron ore from a Great Lakes ore boat—form

The Commercial and Financial Chronicle . . . Thursday, December 12, 1957
The High Price of Money
And Industrial Development

The equipment you see here is part of more than 15,000 new freight cars ordered or received by the Central during 1966-71.

To date, 11,244 of them have been put into service. These cars, representing an investment of over $150 million, will roll night and day to help keep your freight moving faster.

The rolling stock will help provide a rotating reserve of empty cars—ready to move whenever you’re ready to ship. And in time of national emergency, they would be available for the tremendous job that has always fallen to the railroads. America has learned through three wars that there is no substitute for dependable, all-weather rail transportation.

Topping the Central’s order are 5,000 hopper cars to carry vital coal and iron ore! Another 4,500 hoppers will go to the railroad’s Pittsburgh & Lake Erie affiliate. There will be 3,000 new boxcars...1,050 refrigerator cars...50 Flexi-Van flatcars—in all, 15 different types of equipment.

The Central is adding 86 diesels to its fleet, too. These alone will cost more than $16 million!

This extensive equipment purchase is just one example of the hard cash that backs up our firm faith in the Central. Big things are happening all over this progressive railroad. Ask our freight salesman to explain how each of these innovations makes for better service than ever—at no extra charge to you.

The Central
15,000 new freight cars help meet growing shipper needs...move your freight faster

Capitalize Funds’ Economies

Furthermore existing capital funds should be more economized with. As a result of capital scarcity and a growing public sector various Government controls have been introduced on credit markets. To avoid investments being selected at random, regulations hampering the smooth functioning of money and capital markets should be put an end to. Here as everywhere the market mechanism is our best ally in our efforts to secure an allocation of resources in accordance with consumers’ wants. We cannot afford to sacrifice the valuable tool of stimulating careful appraisals of best production alternatives to foster productivity.

Such a policy is relevant both to advanced and less advanced countries. Regarding the latter countries I would like to add that they could do no better than to develop a credit system functioning on the basis of operational ability. This would foster development and greatly enhance possibilities for capital movements. Foreign investments should be the outcome of a common consideration of the merits and creditworthiness of projects proposed.

I have now given my views on how I think the problem of an adequate capital equipment would be eased. Low rates of interest are a prerequisite for economic expansion but they could not be introduced until necessary economic conditions are prevalent. However, I believe that a new approach could create a situation where an absolute ground rate of interest could be lowered. In this way the finance of progress in industrial countries would be facilitated and the underdeveloped countries would be made participants in the benefits of international flow of capital proportionally to their ability to create an atmosphere favorable to foreign investments.

Charles T. Hill to Be Partner in Dixon & Co.

PHILADELPHIA, Pa.—Charles T. Hill will become a partner in Dixon & Company, Philadelphia National Bank Building, member of the New York Stock Exchange, on Jan. 1. In the past he was with Francis I. du Pont & Co.

Dreyfus Co. to Admit Three New Partners

Dreyfus & Co., 50 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Raymond W. Segal and Howard Stein to partnership. Mr. Segal and Mr. Stein are managers of the firm’s investors service department.
The First National City Bank of New York on Dec. 10 announced the appointment of five Assistant Vice-Presidents and a three Assistant Cashiers.

New Assistant Vice-Presidents are James E. Clingen, formerly an Assistant Cashier, Overseas division, of the Chemical Bank; R. Thomas Ward, all three Assistant Cashiers, domestic division, and Charles J. Wilkes, domestic offices division, formerly Assistant Cashier of the First National Bank.

Ransome G. Banker, Richard B. Doss, John T. Trayes, and Charles S. Reynolds are the new Assistant Cashiers. Mr. Banker, formerly Cashier, domestic division, Mr. Doss, with the domestic division and Mr. S. Reynolds is assigned to the trustee division.

The First National City Bank of New York on Dec. 6 opened a new offices at the new International Airport.

Located at the new International Arrivals Building, the office becomes the second at the airport and the bank's new New York City Bank Farmers Trust Company.

New York, announced on Dec. 4 the appointment of Alfred H. Howell as Chief Trust Officer, and Mr. Howell is in the Investment Department of the Trust Division.

Other appointments approved by the Board of Directors were as follows:

Harold C. Michael, former Assistant Secretary, appointed Vice-President; Edward B. Silverman, from Assistant Vice-President; Robert T. Lutgens, from Assistant Secretary to Vice-President; and Frank X. Healey, to Assistant Vice-President.

Mr. Theodore C. Bollmann has been appointed Assistant Trust Officer of Chemical Bank, New York, in charge of the Trust Department at the bank.

Edward M. Townsend, former Assistant Manager, has been appointed Assistant Manager, and has been assigned to the Trust Department at the bank. It was announced on Dec. 6 by Harold H. Helms, Mr. Bollmann is a member of the bank's Personnel Trust Department at 26 Broad St.

Mr. Townsend, who has been elected to the Lower Manhattan Advisory Board of Chemical Bank, has been elected to the Lower Manhattan Advisory Board of Chemical Bank.

Mr. Edward M. Townsend is appointed Vice-President and Treasurer of the Bank.

The bank also appointed James A. Roe to its Queens Advisory Board on Dec. 9.

J. Luther Cleveland, Chairman of the Board of Guaranty Trust Company of New York, has announced the election to the bank's Board of Directors of Thomas Lee Perkins.

George F. Gorman, Charles F. Trayes and James R. Wilson were appointed to the board of directors of the Empire Trust Company, New York, according to an announcement made by the bank. Mr. Gorman, President of the bank, Mr. Trayes, Vice-President in charge of the personal Trust division, and Mr. Wilson, formerly an Assistant Vice-President, will be members of the board.

The board of directors of the Empire Trust Company, New York, on Dec. 10 declared a quarterly dividend of 15%, or $75 cents a share, payable Jan. 8, to shareholders of record, at the close of business, Dec. 20.

At the same meeting the board of directors of the Bank of Household, New York, declared a quarterly dividend of 15%, or $75 cents a share, payable Jan. 8, to shareholders of record at the close of business Dec. 20.

The board of directors of the Bank of Household, New York, have declared a quarterly dividend of 15%, or $75 cents a share, payable Jan. 8, to shareholders of record at the close of business, Dec. 20.

A proposal of merger of the Upper National Bank and the Girard Trust Corn Exchange Bank, Philadelphia, was on Dec. 6 announced by the Girard Trust Corn Exchange Bank, Philadelphia. The new bank will be known as the First National Bank.

The proposal of merger is expected to bring a joint capital stock of $1,200,000, consisting of 12,000 shares of $100 par value, to $2,000,000, consisting of 18,000 shares of $100 par value.

The Shrewsbury Office of the Worcester County Trust Corporation was on Dec. 15 announced to be opened by the bank's Vice-President, on Nov. 27.

The Girard Trust Corn Exchange Bank, Philadelphia, opened a new office at 500 Market St., and a branch is located on 22nd Street near Indiana Avenue.

Theodore C. Kelly, former Trust Officer, of the bank, has been appointed Manager of the bank's New York City office.

John T. Merryman, Assistant Vice-President of Chemical Bank, New York, has been appointed Assistant Vice-President.

Mr. Albert E. Needham will be the Manager. He started with the bank in 1934, and prior to his election as Manager had been a Trust Officer of the bank's Time Savings Finance Department at its 250 Park Avenue Office.

Mr. Merryman was elected to the Board of Directors of the bank's Time Savings Finance Department at its 250 Park Avenue Office.

The Board of Directors of the Edison Bank, of Edison, N. J., announced the election of Albert T. Wannemacher as Assistant Vice-President effective immediately.

Mr. Wannemacher was appointed to the Board of Directors of the Edison Bank, of Edison, N.J., announced the election of Albert T. Wannemacher as Assistant Vice-President effective immediately.
Outlook for Business in 1956

Brisk advance in second half of 1956 and a real increase in Gross National Product for 1957 over 1956 is predicted by Prudential Insurance Company economists. Some expectations are: (1) $11 billion consumer expenditure rise; (2) $5 billion increase in government spending; (3) net increase in mortgage loan demand of nearly $450 million.

A "moderately good" advance in the nation's economy, accompanied by a slowing of consumer prices, is predicted for 1956 in a

Reynolds Installs New Wire to Coast

Reynolds & Co., nationwide investment firm, has inaugurated a 3,000-mile, high-speed private wire network, leased from Western Union, interconnecting its New York headquarters with San Francisco and 10 California cities.

Control office equipment has been installed in the San Francisco headquarters which, according to William Rice, resident partner, provides an instant-by-instant, 100% instantaneous communication with the San Francisco and New York home offices.

Rice says this will mean added speed and efficiency, whether a matter of placing orders and receiving quotations and other phrases.

The wire system, equipped with high-speed electronic machinery, transmits messages at the rate of 4,500 words per hour. Reynolds has its own office equipment in branches in Sacramento, Stockton, San Luis Obispo, Bakersfield, San Mateo, Stonestown, Santa Cruz, Salinas and Carmel.

Morgan Adds to Staff

L. A. Morgan and Co., San Francisco, has appointed Paul T. Cramer as assistant managing director. Cramer is a graduate of the Harvard University business school.

Halsey, Stuart Group Offers B. & O. Ciffs

Public offering of $3,435,000 of 9% first mortgage equipment trust certificates maturing annually Dec. 1, 1938 to May 1, 1957, is now on the New York Stock Exchange. The certificates are backed by equipment in the Baltimore & Ohio Railroad.

By the end of the week $5,000,000 of the first series of $11,000,000, which will mature in 1976-77, had been sold.

Mr. Halsey, who has been a director of the firm for 20 years, has been named to the firm's executive committee.

Three members of the executive committee are: Mr. Halsey, President; Mr. Stuart, Vice-President; and Mr. Schmitt, Treasurer.

Two With Boren Co.

A & B Boren Co., San Francisco, has hired two new executives. Walter C. Luning, who has been with the firm for several years, has been named assistant to the president. Mr. Luning will carry on all the duties of Mr. Schmitt, who is away on a business trip.

Mr. Schmitt has been with the firm for 10 years and is known as an experienced businessman. He was one of the founders of the company, which was established in 1917.

Mr. Luning has been with the firm for 15 years and has been responsible for the company's successful growth. He is also known as a successful businessman and is well respected in the community.

Vol. 186 No. 5688 . . . The Commercial and Financial Chronicle (2553) 25
Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market, in spite of its fast recovery from the depressed levels at which it has been selling, is still in good technical condition. The trend of government bond prices continues to move into strong hands and there are no indications that this trend will be of short duration. To be sure, profit taking will be evident for some time to come, but the prevailing opinion is that lower interest rates and easier credit conditions are to be expected. In stocks quotations should turn out to be buying opportunities.

The trend in the government market is still toward the extension of credit; the Federal Reserve Bank does not make any demand for near-term governmets, with Treasury bills the bellwether in government money-market conditions. But there are reports of a growing demand for the intermediate term issues.

Further Ease in Money and Credit Expected

The money market continues to be on the favorable side and this is in line with the generally favorable help from the monetary authorities. The ease in the money market, up to now can be attributed mainly to the change in psychology, and a decrease in the demand for money. businessmen and bankers have participated in open market operations by the Federal Reserve Banks, but these ventures so far have been pretty much of modest proportions. It is evident that the demands for money and credit increases at this time of the year, but the Central Banks have not been very generous so far in making it easier for the member banks of the system to meet these demands.

New market for bond market as a whole seems to adhere very strongly to the opinions that money and credit conditions will get easier with the passage of time. Also, the money market believes that the effects of the very pronounced increase in interest rates and credit will be made possible by some real tangible developments on the monetary side.

Fast Rise in Bond Prices Justified

The action of the bond market, and this takes into consideration all types of issues—corporates, tax-exempts as well as the government—serves to show the confidence in the activities of the monetary authorities. The ease in the money market, up to now can be attributed mainly to the change in psychology, and a decrease in the demand for money. businessmen and bankers have participated in open market operations by the Federal Reserve Banks, but these ventures so far have been pretty much of modest proportions. It is evident that the demands for money and credit increases at this time of the year, but the Central Banks have not been very generous so far in making it easier for the member banks of the system to meet these demands.

Admittedly the recovery in the bond market from its lows has been fast and furious, but it should be kept in mind that prices of many issues are advancing for no sound technical reason other than a strong demand for government Bonds. All times it was a thoroughly disorganized affair, in which there were no bids for very high grade merchandise. Accordingly, with a change in money market conditions, which are now favorable to fixed income bearing obligations, it is not at all surprising that the initial part of the move will be more bonds move into strong hands which should with a not too favorable seller.

Lower Reserve Requirements Still a Possibility

Reserve requirement changes are still being looked for, although it seems unlikely that they will be quite so drastic as the last week or so. Nevertheless, it is the belief of most money market speculators that reserve requirements will be reduced, because it is one way in which ease will be brought into the money market.

More Distant Maturities Favored

According to reports the government bond market is now getting a demand for its obligations from buyers that have not been interested in Treasury securities for a long time. These new buyers are away from the longer end of the list, which indicates that lengthening of maturities is still going on in an important way. Most of the switches which are being made likewise show a preference for the more distant maturities.

The Spies Helped

Information obtained from trusting peoples abroad by the Russian spy system was fed into this mill. Mean¬while, while a dozen or so years ago the Kremlin began system¬atically to build up an educational system designed to develop well trained scientists and engineers in abundance—an example of foresight not matched elsewhere in the world. All this manpower and all this technological training seems to have been devoted first and foremost, if not exclusively, to the development of instruments of war. In view of all this it is hardly strange that very few if any of the remarkable achievements of the current war has been kept secret. And since so many of our engineers and scientists have been largely engaged not in devising new instruments of death but in the creation of things the people have shown they want and need, that the Russian ultra-secret is not that Russia has caught up with us and even passed us in these limited fields she has chosen for concentrated effort.

Whether Russia is particularly interested in, or not, the discovery of the atomic energy bomb, the Soviet government is, in any event, deep into the promising field of scientific research and applications which can not be foreseen and which may well in the future govern our relative progress not only in things military, but elsewhere. Thus the system of scientific research and development which the U.S. has developed, and the emphasis the Kremlin now places upon these matters, must not be overlooked in this country if we wish to make certain of maintaining our lead or even of not being left behind in an all-important direction. We have, or many of us have, grown too much disillusioned to undertake the hard unremitting toll of mastering science and mathematics—and this reluctance is reflected in the attitude of the generation now growing up. Here is a matter we must not neglect.

All Beside the Point

But all this has exactly nothing to do with the relative merits of the communist and democratic systems as instruments for the satisfaction of human wants and needs or, even, as criteria of democratic and/or communist economic well-being. There is absolutely nothing new in the fact that a totalitarian regime if intelligent, vigorous and in full control can develop and produce armament of the most advanced design and technology. The very achievement of all these ambitions will be impossible, as far as the Soviet case is concerned, without the most stringent opposition. Hitler proved it—if any proof were needed. There is no reason to doubt that a dictatorship can concentrate its manpower and its brain power on other specific projects with similar success. Ability at the top and full control are about all that is required for such a task as this.

What we must never forget is that it is a far cry from any or all of this to an effective economic or social system. Such a system must first of all provide what is a million and one things must be produced, and in what amount. That it does by the simple processes of the market place. No dictator and no group of men no matter how well-intentioned. The only decision that can be made in such a way that the people get what they most want. And, since in a democracy men and women are working to get what they want, they are much more ready to get their best and to work hard and to develop under orders from a dictator who chooses for them what they are to have—this fact becomes the more evident as a society moves upward toward the higher aspirations of life. Let it not be forgotten that Hitler and the Kremlin achieved their armament successes at the expense of consumer satisfaction, and they were able to do it because they had that carefully-staffed ministry of life.

Moreover, unlike the problem of making and improving armament, full and free competition is possible and immensely profitable in meeting the needs and the wants of the people in their everyday life. That means, among other things, that he who makes the best mousetrap at the lowest cost survives to keep on producing outstanding scientists and mathematicians. In this respect Czarist Russia certainly could not be termed "backward," except possibly with respect to the degree of general education, which was, of course, very low. For a time the rulers of Communist Russia did not appear to value real science greatly and did not permit the development of conditions conducive to its growth and fruition. There is, however, every reason to believe that the War II opened Stalin's eyes with regard to the importance of scientific study, particularly as it relates to military matters. A number of leading German scientists were taken to Moscow and were used as sort of center of scientific endeavor to which a vast deal of time and materials were devoted.
You Can't Buy Friends

You can't buy friends. I agree completely. The purpose of our aid program is to keep the Communist world from dominating these countries and not to make them prosperous. I believe in order to toughen their economic and political fiber to a point where they would be immune to any foreign domination, including the threat of military and economic subjection by the guaranteed by the two Communist powers.

A program of loans and technical aid to these countries is essential to our survival as the pre-eminent military power. I do not suggest that these loans and aid will accomplish our objectives.

In the long run the primary and progressive way to help newly-developing countries must be through a trade relationship rather than government loans and grants. That is why our new program of trade with these countries will be channeled into private investment where possible. That is why all government policies must be developed which will encourage this trade relationship in these areas. And that is why our loan program must also encourage greatly expanded civilian trade and commerce with the Free World. If the Communist world will be established with this kind of aid.

I should like to add a word with respect to the principles upon which our trade policy is based. I firmly believe that we must win the battle for economic peace. In Cordell Hull's words, "a good will must go before the good will or soldiers will." World tension will not be eased until the world is satisfied with the economic policies of nations.

Trade is essential—keeping in mind the fact that improvements can be made in the free world, but that trade with China is not as good as trade with Communist China.

It is essential to our own economy. This year we shall export over 8 billion dollars worth of non-military goods. The jobs of over 123 million Americans depend on this trade.
Areas of Challenge In Mass Consumption

...continuance of one page...

areas of challenge in mass consumption include, among other things, the long-established stability of retail districts and local service areas. One reason is the tendency of consumers to prefer to shop in the area they live or work, and to be discouraged by rising costs.

Not all retailing is done in trains, but that seems to be the trend. The national commission, for example, found that the average consumer spent about one-fourth of his income on the service area, and this was true even in areas where the cost of living was high.

New areas of living and working areas have developed in the past decade, and alternatives to drawing customers to itself along longer lines of traffic are becoming more important. The trend toward collecting goods in one place and selling them elsewhere is increasing.

The trend is more for the use of one-handled bags, which is more economical and convenient. More stores are opening in these areas, and the trend is to use one-handled bags instead of the older, more expensive types.

The problem the department store faces is to adapt itself to the changing trend. While there is still room for improvement, the trend is clear.

The problem is to provide adequate information so that customers can make informed decisions. One way to do this is to provide them with accurate, relevant information about the products they are considering.

In conclusion, the department store faces a challenge in adapting to the changing trend. It must not only provide adequate information to customers, but also provide a friendly, welcoming atmosphere. This can be done by providing ample space for customers to browse, and by providing friendly, helpful employees who can assist customers with their selections.

A True Community Center

To a very important degree, the department store is a community center, and the challenge is to become a community center for every consumer. This is not just a matter of providing the consumer with the opportunity to satisfy her needs, but also of providing opportunities for her to enjoy and participate in the community. This means providing a place where she can meet her friends, shop for groceries, and enjoy herself.

The key to this is the development of a sense of community among the customers. This can be done by providing opportunities for customers to interact with each other, and by creating a sense of belonging among them.

In conclusion, the department store faces a challenge in becoming a true community center. It must provide opportunities for customers to interact with each other, and create a sense of belonging among them. This can be done by providing opportunities for customers to interact with each other, and by creating a sense of belonging among them.

Lower Markdowns Feasible

The electronic data processor should add another important function to department stores, and that is to provide a better coordination of stocks and prices. This would enable them to keep their markdowns lower.

As opposed to an annual markdown on store sales of $1 billion, losses from markdowns total $10 billion. This is a significant amount of money, and it could be reduced if the electronic data processor could provide a better coordination of stocks and prices.

In conclusion, the department store is facing a challenge in adapting to the changing trend. It must provide adequate information to customers, and provide a friendly, welcoming atmosphere. This can be done by providing ample space for customers to browse, and by providing friendly, helpful employees who can assist customers with their selections. It must also provide opportunities for customers to interact with each other, and create a sense of belonging among them. This can be done by providing opportunities for customers to interact with each other, and by creating a sense of belonging among them.
Railroad Securities

Banger & Aroostook Railroad

Earnings of Banger & Aroostook Railroad in the final months of its 18-year history show a marked improvement over the first half. It is officially estimated the full year will show approximately $600 a share as compared with $5.50 a common share reported in 1966.

In the first 10 months of this year Banger earned $5.23 a common share as compared with a share in a comparable 1966 period of $5.00. The figures in a report are high, the Banger officials point out, to that of any ever grown in the State of Maine. This is attributed to reduced yields in various middle west growing areas and the Red River Valley, the market for the company's potato pile of some 35,000 tons which it brought early this year.

The report of the Banger & Aroostook indicates there will be a continued sharp reduction in pulp wood shipments, it indicates. In the fiscal year 1957-58, the volume of the Banger continues to be much less than its highest as of September 30, 1957, amounted to $2,461,000 as compared with $2,320,000 in the 1956 date. Funded debt due in one year or less at year end 1957 amounted to $1,809,925.

This debt consists mainly of equipment trust notes secured by the company's assets and will show no strain on cash resources. It also might be noted that the company was for year after heavy sinking fund deduction.

The road is regarded as being in excellent physical condition both in terms of equipment and maintenance. It has purchased a number of new stevedores, it is growing industry as well as referring to its equipment. Beginning in 1947, Banger began to institute its inspection program and in the year 1957, freight and revenue were completely in line with the railroad companies.

It is expected that this $5,23 a share will be the basis of the company's dividend policy for the coming year. The directors will meet at the first of the month to discuss the dividend policy and recommend a dividend to the shareholders.

Continued from page 16
Helpful and Threatening Forces Facing the General Contractor

On Nov. 21, Judge Washington of the U.S. Circuit Court of Appeals for the District of Columbia, held that the merger of the Federal Reserve Bank of St. Louis and the Federal Reserve Bank of New York would violate the regulations of the Federal Reserve Act.

The action was taken in connection with a case involving the merger of the two Federal Reserve banks, which had been proposed in 1965. The judge ruled that the merger would violate the regulations of the Federal Reserve Act, and that it would be impossible to proceed with the merger withoutfirst obtaining the approval of the Federal Reserve Board.

Gas Pipelines Disturbed by Memphis Decision

By OVEN ELY

Gas Pipelines in the U.S. are being disturbed by a recent decision by the Supreme Court. The FPC has decided to petition for a review of a decision by the Circuit Court of Appeals. The FPC has expressed its opinion that the decision of the Circuit Court is not supported by the law.

The FPC has also expressed its concern that the decision may set a precedent for other pipeline companies. The FPC has stated that the decision may set a precedent for other pipelines to be disturbed by the Supreme Court.

The FPC has stated that it is concerned that the decision may set a precedent for other pipelines to be disturbed by the Supreme Court.
A Changed Economy

Several decades back, the Federal Reserve Bank of St. Louis economists identified the economic cycle as the primary source of instability in the economy. They noted that the cycle has three phases: expansion, peak, and contraction. During expansion, the economy grows at a rapid pace, leading to higher employment, lower unemployment, and increased production. At the peak, growth slows down, and the economy begins to enter a period of contraction. During contraction, the economy slows down further, leading to higher unemployment, lower production, and reduced consumer spending.

Today, however, the economy has evolved, and the traditional economic cycle is no longer the primary source of instability. Instead, the economy is more likely to experience prolonged periods of growth or stagnation, with less pronounced peaks and troughs. This has led to the need for a new approach to economic policy, which focuses on managing the economy over the long term rather than responding to short-term fluctuations.

The New Economic Environment

The new economic environment is characterized by several key features. First, the economy is more highly interconnected than ever before, with global supply chains, financial markets, and capital flows linking economies around the world. Second, the economy is more dynamic, with new technologies and innovations driving rapid changes in production processes and consumer preferences. Third, the economy is more resilient, with greater capacity for self-correction and adjustment in the face of shocks.

Innovation and Growth

Innovation and technology have played a significant role in shaping the new economic environment. The advent of the Internet, social media, and mobile technology has transformed the way people work, communicate, and conduct business. The rise of e-commerce and online shopping has disrupted traditional retail models, while the development of new technologies has created new industries and jobs.

Moreover, the economy is more diverse, with a growing number of emerging economies and regions gaining prominence. This has led to increased competition and collaboration, as well as new opportunities for growth and development.

The New Challenges

The new economic environment presents both opportunities and challenges. On the one hand, the growth of new technologies and industries offers the potential for increased productivity, innovation, and economic growth. On the other hand, the interconnectedness of the economy makes it more vulnerable to shocks and disruptions.

Managing the New Economic Environment

To manage the new economic environment, policymakers need to focus on fostering innovation and growth while also addressing the risks posed by increased interconnectivity. This will require a shift in economic policy, with a greater emphasis on long-term planning and investment.

Conclusion

The new economic environment is characterized by increased interconnectedness, rapid technological change, and greater diversity. This has led to new opportunities for growth and innovation, but also increased vulnerability to shocks and disruptions. Policymakers need to adapt to this new environment, with a focus on fostering long-term growth and resilience.

References


definite convictions regarding the obsolescence of major business cycles of such severity. Instead, the threat is taken of the complex and often counterproductive forces at work in the economy, some plausible conclusions seem to emerge.

(1) The Federal Reserve and institutions have been introduced to the public as a great emergency to relieve in a substantial way some of the hardships experienced by the economies. The enhanced protection of consumers and the stronger banks, social security, and pension programs augurs for greater stability in the economy under conditions of economic advance.

(2) These-and other stabilizing forces can undoubtedly check the trend of mortgage foreclosures and help prevent initial losses. If the amount of new housing begins to rise, the system will improve, however, has been eliminated altogether.

(3) The list of severe recession anticipated in our economy is considering the problems of the many optimistic believe. Fiscal policies have been severely impaired by the need to temper to a protracted dis- and can substitute what for recession in the bond market

(4) It is highly probable that the Federal Reserve will be slow to be derived from the longer-term fiscal and monetary policy expectations. This is the only course of action that can prevent a slowdown of缩减

(5) The pattern of business fluctuations in our times has been repeatedly and forcefully affected by crises. The Federal Reserve is the central bank in the national picture. It has the power to control the money supply and the interest rates. It can use open market operations to buy and sell government securities. When the Federal Reserve buys securities, it injects money into the economy. When the Federal Reserve sells securities, it withdraws money from the economy.

The consumer, finally, whose end is the market, has been a source of strength to capital. He has been able to buy, and the market has been able to sell. The consumer is the key to the economy.

Reaching a Conclusion

In appraising the resistance of the American economy to depression, it is necessary to take into account the implications of the situation and not just the superficial appearances. One must be aware of the new phenomenon of crisis, which is the lack of hunger and the increase in consumer spending. The consumer is the key to the economy and the key to the future.

The Outlook for Business

Continued from first page

The summer of 1953, when the Federal Reserve lowered the discount rate, business activity was turning up. This suggests that the discount rate cut was effective in reducing interest rates, which in turn had a positive effect on investment spending.

Results of Sustained

In 1954 the government passed the

Act that ye
er that act, a veteran could buy a home without any down payment, and at a price lower than in 1954. In this way, the government has been able to provide a significant boost to the housing market.

The succession of recent Federal Reserve actions to reduce interest rates and improve the availability of credit is not likely to have a lasting effect on the economy. This is because the housing market is not expected to show a significant upturn in the near future.

Future of Business

Now what are these forces? The best way to get at the facts is to look at the data. The government has been collecting data on business activity for many years. The data show that business activity has been growing at a steady rate, but it has not been growing as fast as it has in the past. This is because of the slow growth in the economy and the increasing amount of government regulations.

Government activities that influence business activity can be grouped into three categories: monetary policy, fiscal policy, and government regulations. Monetary policy is the use of tools such as interest rates and the money supply to influence the economy. Fiscal policy is the use of government spending and taxes to influence the economy. Government regulations are laws and rules that govern the economy.

The government has been using monetary policy to try to stimulate the economy. The Federal Reserve has been lowering interest rates and increasing the money supply. However, the effectiveness of these actions has been limited. The government has also been using fiscal policy to try to stimulate the economy. The government has been increasing spending on infrastructure and social programs. However, the effectiveness of these actions has also been limited. The government has been using government regulations to try to stimulate the economy. The government has been relaxing regulations on businesses and increasing regulations on consumers. However, the effectiveness of these actions has also been limited.
The Outlook for Business

Let's buy equities. If we need a home, let's buy it today. If we need insurance, let's buy it today. Because when we return to deficit financing, the inflationary forces will reassert themselves and the government will do it or not, I do not know. But in any event, in the case, then you will know that our government will be in a position to reassert inflationary forces will reassert themselves and that this in turn will be controlled, be managed, and by individual household, certainly will not be good but the immediate outlook for business will be changing.

Increase in Public Debt

However, I do not believe that this will take place very soon. I do not say it in my opinion, because an opinion has to be a fact, but I think, if you will, the administration does not wish to return to deficit financing. It may be that the debt will be increased by only $2 or $3 billion per year. Against this, the economic forces will prevail, that the forces will reassert themselves, this being the natural order. And I think that this will be the attitude of government, I can not see where the economy of government can materially be increased.

This brings us to consumer expenditures. These divide themselves into four phases. In the first place, there is a great deal of wrong goods, non-durable goods, and services. In the second place, there is the mind that expenditures for non-durables includes such a range of commodities, which I have no assurance in my mind that expenditures for non-durables will increase. But I doubt whether the sale of durable goods in 1955 will be as high or higher in 1956 as it was in 1954 and 1953. Why? Prices are high. Nointage, prices are expected to go up during the year. In the meantime, prices have increased. Other changes have increased and the automobile prices have increased. So the prices of goods sold in 1956 are not the same as 1955, and the prices of goods sold in 1956 are not the same as 1956. The people are heavily indebted and a great many are desiring to get out of debt.

See Downward Trend

Then, employment opportunities do not lag between the decrease was a year ago. There will be the opportunity to work overtime. And the opportunity to obtain a job for two or three hours additional a day will not be as great. And therefore I reach the conclusion that the sales of goods will not increase. And therefore, if you will look at the economic picture of the country, you will find this—outside of government spending, the only way to push the economy upward in the immediate future, the only way to do that, you can see a number of things and that is to push the economy down.

We do know however that the government spends 4 billion so far, of course, the government under the order of the Employment Act of 1946 will endeavor to keep the economic stable and growing.

Interest Rate Decline

What will be the interest rate? What can the government do? First, money rates will go down. A decline in money rates will mean that the immediate future is to be expected. But the decline in money rates does not act immediately. There is a relation between money rates and its impact on business activity, as we have seen.

Two, we do know that local government expenditures will increase. The population in the United States during this year will be at a rapid rate. There is a great need for Federal Reserve Bank of St. Louis

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What Market Range in 1958?

Continued from page 7

VOLUME STUDIES AND THE TECHNICAL PATTERN

Breath of the market studies of volume, new highs and lows, and the like, etc., is also used to throw some light on the technical pattern. The graphs of volume or the Dow-Jones Industrial Average of 25-week moving average of total volume in the New York Stock Exchange which in turn is broken down into volume on days in which there had been a gain or a loss, and which is shown on page 15, is one of the first and most widely used techniques for examining the market. This technique in the past a number of years has shown that at the troughs of the market that prices are likely to make a turn. When viewed as a whole for the market, the distribution of volume strongly suggests the possibility of a new market trend. If the action continues and holds the March upturn, it will be the signal of a long-term trend.

The most discouraging part of the market is that a great many potential patterns have been destroyed by the sharp drop in the market. The most recent large change in the index occurred two weeks ago when the Dow-Jones Industrial Average of 25-week moving average of total volume in the New York Stock Exchange which in turn was broken down into volume on days in which there had been a gain or a loss, and which is shown on page 15, is one of the first and most widely used techniques for examining the market. This technique in the past a number of years has shown that at the troughs of the market that prices are likely to make a turn. When viewed as a whole for the market, the distribution of volume strongly suggests the possibility of a new market trend. If the action continues and holds the March upturn, it will be the signal of a long-term trend.

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Dr. Joseph D. Hubbard

Dr. Joseph D. Hubbard, well-known economist and government financial and business expert, has been appointed director of a new consumer research program by the University of Wisconsin, which supplies investment research to Tri-Continental Corporation, the nation's largest diversified financial services company, and three mutual fund companies.

Broad Street Investing Corporation, a division of the University of Wisconsin, serves institutional and individual investors by offering money market mutual funds, equity and bond mutual funds, stock and bond underwriting, and investment management services.

With Taylor & Co.

George T. Whitman has been associated with Taylor & Co., 439 North Bedford Drive, Highland Park, and with John, Francis & Co. and Edward T. Cronin Company.

Allstate Commercial Corp., New York, Conn. Sept. 15, 1957. 300,000 shares of common stock (par $12.50) to be offered in units of 1,500 shares. Proceeds—For construction of a new addition to present building. Office—6201 Detroit Drive, Dallas, Texas. Underwriter—None.


New York Times Corp., New York, Dec. 3 filed 4,500,000 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each two held. Proceeds—For expansion program. Office—Hadera, Israel. Underwriter—The Elginston Corp., New York, on a best efforts basis.


River Water Co. Nov. 29 (letter of notification) 3,040 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each two held. Price—$2 per share. Proceeds—For capital and general corporate purposes. Offices—168 Broadway, New York. Underwriter—None.

Associated Grocers Co.'s Co. of St. Louis Nov. 22 (letter of notification) 3,000 shares of common stock to be offered in units of 12 shares to member-sharholders or prospective members. Price—At par ($1). Proceeds—To reimburse the company's treasury for cash held on deposit of stock held by member-shareholders when he withdraws.

BRIGHT MARKET!

Savings deposits in Chicago and Mid America amount to more than $7 billion. More than $20 billion are invested in securities. Here no newspaper is read as widely by those who possess wealth as The Chicago Tribune. Do you want to sell securities at the highest possible price? See your nearest Chicago Tribune representative today.
Monticello Associates, Inc.
Feb. 18 (letter of notification) 300,000 shares of common stock (par $10) at $50 per share. Proceeds—For capital expenditures, including construction of model roadsides and roadsides, a roadside development has been underway. Proceeds—For processing and selling of gravel. Office—203 Broadway, Monticello, N. Y. Underwriter—Walnut Securities Corp., Philadelphia, Pa. Underwriter—None.

Mortgage Clubs of America, Inc.
Aug. 19 filed $1,000,000 of participation units in second mortgage club, 1 1/2% per annum, due Dec. 19. Proceeds—For purchase of land, construction and working capital. Underwriter—None. Office—204 Bank Bldg., Chicago, Ill. Underwriter—None.

Municipal Investment Trust Fund, Inc. (N. Y.)

National Biochemicals, Inc.
Sept. 27 filed 50,000 shares of common stock (par $10), $10 per share. Proceeds—To purchase a ship and for working capital. Underwriter—Anderson Cook, Inc., Palm Beach, Fla. Underwriter—None.

National Indemnity & Credit Corp., D. C.
July 26 filed $10,000,000 of 6 3/4% sinking fund debentures due Aug. 1, 1972, $100 per share. Proceeds—To be offered in units of $1,000 debentures and $100 shares, or $100 debentures and one $100 share. Proceeds—For conversion of 9% mortgage bonds, and other capital improvements; for retirement of preferred shares; and for working capital, etc. Underwriter—None.

National Life Assurance Co., N. B., Dec. 6 filed $3,000,000 of participating interests in the W. S. Kilroy 1936 Oil Co. and Kilroy 1937 Oil Co., each $100 par. Proceeds—For acquisition and exploration of undeveloped oil and gas property. Underwriter—None.

King Phar Canning Operations Inc., Cullman, Ala.

Kohler & Company, Inc., Mequon, Wis.
Nov. 29 (letter of notification) 1,000 shares of common stock (par $10), $10 per share. Proceeds—For mining expenses. Office—139 North Vir¬ginia Rd., Mequon, Wis. Underwriter—None.

Lahontan Mines Co.
Nov. 29 (letter of notification) 1,000 shares of common stock (par $4), $4 per share. Proceeds—For mining expenses. Office—Lahontan Mines Co., 1124 Workman Ave., Reno, Nev. Underwriter—None.

Lawdale Shopping Center Affiliates
Nov. 29 (letter of notification) $300,000 aggregate common stock (par $10) issued. Proceeds—To acquire land, working capital, and other corporate purposes. Underwriter—$100,000 minimum participation. Proceeds—To form a new company for shopping center at Lawdale, Las Vegas, Nev. Underwriter—Lehman Brothers, Inc., New York City. Underwriter—None.

Southwest Development Corp. of America—Partners—David Berg, 115 E. 62nd St., New York, N. Y.; Robert D. Diggs, 41 West 56th St., New York, N. Y.; Allan Reiss, 16 South Drive, Great Neck, N. Y.; Eugene Zambelli, 29 E. 47th St., New York, N. Y.; and George M. Rosenweig, 305 W. 47th St., New York, N. Y.

Mascott Mines, Inc., Kellogg, Idaho
June 29 filed 500,000 of 6 1/2% sinking fund debentures due 1980 and 60,000 shares of common stock (par $1). Proceeds—Of debentures, 100% and of stock, $25 per share. Proceeds—To retire mortgage and other indebtedness; to pay for construction of the new buildings; and for general working capital. Proceeds—For manufacture of insecticide and fluorescent lighting fixtures. Office—Pamsee, N. J. Underwriter—P. W. Brook & Co., New York, N. Y. Underwriter—None.

Magdalena Mining & Milling Co.

Mascot Mines, Inc., Kellogg, Idaho
June 29 filed 500,000 of 6 1/2% sinking fund debentures due 1980 and 60,000 shares of common stock (par $1). Proceeds—At par (17% per share). Proceeds—To expand present mining operations. Underwriter—Mead Bldg., Kellogg, Idaho. Underwriter—None.

Mead, Tebo, Malcolm C. Brown is President. Officers: W. H. Voigt, Secretary and Treasurer; Peters, Writer & Christensen, Inc., Denver, Colo. Underwriter—None.

Minneapolis Mining & Manufacturing Co. (1/7)
Dec. 16 filed 115,000 shares of common stock (no par). Proceeds—To expand present mining operations at the Flanigan Silver Mine, at Bingham, Idaho. Proceeds—To acquire a share of tender pool. Proceeds—To retire the debt of John C. Dwan, a former director of the company. Underwriter—Boyd & Co., both of New York; and Piper, Jaffray & Hopwood, Minneapolis, Minn.

Monticello Associates, Inc.
Feb. 18 (letter of notification) 300,000 shares of common stock (par $10) at $50 per share. Proceeds—For capital expenditures, including construction of model roadsides and roadsides, a roadside development has been underway. Proceeds—For processing and selling of gravel. Office—203 Broadway, Monticello, N. Y. Underwriter—Walnut Securities Corp., Philadelphia, Pa. Underwriter—None. Pacific Group of the Eastern N. Y.

Motel Co. of Roanoke, Roanoke, Va.
Nov. 20 (letter of notification) 60,000 shares of common stock (par $100). Proceeds—To be offered in units of 1,000 shares. Proceeds—For working capital and other corporate purposes. Office—Chas. M. Wheaton & Company, 1000 W. Main St., Roanoke, Va. Underwriter—None.

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Price—To be

Southern Colorado Power Co.

Source Unknown, Inc.

Research Instrument Corp.
Oct. 7, 1958, filed 125,000 of 10-year 19% convertible debentures and 12,500 shares of common stock (no par) to be offered in units of one $100 debenture and one share of common stock at $100 per unit. Proceeds—For establishment, working capital and inventory. Offering—To be underwritten by Underwriter—Campbell & Robbins, Inc., Portland, Ore.

Resolute Bay Trading Co., Ltd.

Reso Chemicals, Inc.
Sept. 22 filed 20,000 shares of common stock to be offered for subscription by stockholders of record Dec. 1, 1952. If the ratio of new shares each holder of 10 shares held; unsubscribed shares to be offered to public. Price—$10 per share. Proceeds—To pay $1.00 per share to stockholders. Underwriter—None.

Roach (Hal) Productions (12/16/58)
Aug. 28, 1958, filed 20,000 shares of common stock for which chartered capital will be $20 per share. Price—$1 per share. Proceeds—For expansion of production facilities. Underwriter—Standard Stock Co., Los Angeles.

Rocky Mountain Quarter Racing Association
Oct. 31 (letter of notification) 300,000 shares of common stock, par value $5 each. Proceeds—For paying outstanding indebtedness. Underwriter—Littleton, Colo. Underwriter—None.

Roe Records, Inc.

Rule (C.F.) Construction Co.
Sept. 15 filed 25,000 shares of common stock ($10 par). Price—$13 per share. Proceeds—To retire outstanding loans and for working capital and investment in additional equipment. Underwriter—Tenn, Underwriter—None. Statement effective Nov. 25.

St. Louis Insurance Corp., St. Louis, Mo.

Schenley Distillers Corp., N. J.
Sept. 19 filed 278,803 shares of 5% cumulative convertible preferred stock, par value $5 per share, and 11,000 shares of common stock (par $1) to be issued in exchange for stock of White Laboratories, Inc. (which is to be merged with Schenley). Proceeds—For working capital basis of one share of preferred and 1/3 shares of common stock held by $1,100,000 of common stock, or class B common share held. Underwriter—None.

Scott Paper Co.
Dec. 3 (letter of notification) 1,000,000 shares in the company’s Employees’ Stock Purchase Plan for 1958, together with 60,000 shares of common stock which may be purchased and distributed under the plan.

Sentinel Security Life Insurance Co.
Nov. 29, 1958, filed 250 shares of class C cumulative preferred stock (par $10). Price—To be supplied by amendment. Proceeds—For working capital. Underwriter—Salt Lake City, Utah. Underwriter—None.

Sharon Oil Corp.
Dec. 2 (letter of notification) 40,000 shares of common stock ($1 par) to be offered for subscription by stockholders; then to public. Price—$1.25 per share to stockholders and $2.50 per share to public. Proceeds—To pay incidental to drilling oil wells. Underwriter—Hotte, 140 Madison Ave., N. W., Washington, D. C. Underwriter—None.

Shop Rite Foods, Inc.

* Simplicity Pattern Co. Inc. (12/17)

Southern Airports Inc.
Nov. 26 (letter of notification) 31,000 shares of common stock (par $1). Proceeds—To be offered to employees of the company. Underwriter—None. Underwriter—None.

* Southern Colorado Power Co.

Stuart-Hall Co., Inc., Kansas City, Mo.
Nov. 27 filed $500,000 of 20-year 4% convertible debentures due Nov. 27, 1977, to be sold on a forced basis at the rate of one new share for each 30 shares held. Price—$94 per $100 bond. Proceeds—To pay obligations incurred in connection with subsidiary and affiliated companies. Underwriter—Morgan Stanley & Co., Inc., New York.

Standard Steel Products Manufacturing Co.
Oct. 3 (letter of notification) $100,000 of 5% 10-year convertible debentures due Oct. 3, 1968, to be sold in units of ten $100 debentures. Proceeds—For construction, payment of provisions and general corporate purposes. Underwriter—Rutland, Young & Co., Chicago.

Sulphur Royalties Corp., New Orleans, La.
May 1 filed 15,000 shares of common stock (par $1). Proceeds—To be offered for sale as part of the $500,000 in funds from the tax sale of royalty rights. Underwriter—Rutland, Young & Co., New Orleans.

Superior Water Co.
Oct. 17 filed 250,000 shares of common stock (par $1). Proceeds—To pay obligations incurred and to be incurred in connection with expansion of processing facilities. Underwriter—None.

United States Coconut Fiber Corp.

Urbanite Corp., Inc.
Oct. 6 filed 1,500,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—For plant rental, equipment, processing equipment, drilling; for working capital; and for other exploration and development work. Office—Houston, Texas. Underwriter—None.

Apr. 30 filed 1,500,000 shares of common stock (par 10 cents). Price—To be offered by amendment (expected to be $1 per share). Proceeds—For exploration purposes. Underwriter—to be named by amendment. Graham Al- bany & Co., New York. Underwriter—None.

Warwick Valley Telephone Co.
Oct. 24 (letter of notification) 4,708,000 shares of common stock of the company on which the shares of common stock held by stockholders on the basis of one new share for each two shares held. Price—$19 per share. Proceeds—to be offered to certain individuals under options. Proceeds—For expansion of construction of new telephone plant. Office—47-49 Main St., Warwick, N. Y. Underwriter—None.

Western Chrome Inc.

Westinghouse Electric Power Co. (1/9)

Yates, Heitner & Co., Inc.
July 2 (letter of notification) 11,000 shares of common stock (par $1) of which 2,428 shares are to be offered to employees of the company for purchase at par. Proceeds—to be offered to certain individuals under options. Proceeds—For expansion. Underwriter—Peabody & Co., Inc., New York.

York & New Jersey Power Co. (1/9)
Oct. 2 (letter of notification) 50,000 shares of common stock (par $1) of which 54,208 shares are to be offered to employees of the company at par. Proceeds—to be offered to certain individuals under options. Proceeds—For expansion. Underwriter—Peabody & Co., Inc., New York.

Zoo & Venture Corp., Inc.
Oct. 20 filed 15,000 shares of common stock (par $1) of which 11,123 shares are to be offered to employees of the company at par. Proceeds—to be offered to certain individuals under options. Proceeds—For expansion. Underwriter—Peabody & Co., Inc., New York.

*American Telephone & Telegraph Co. (2/7)
Nov. 25 it announced the company plans to offer to its common shareholders approximately $720,000,000 in convertible debentures on the basis of $100 principal amount of debentures to each $100 par value of common stock held by stockholders on or before Feb. 7, 1938 and due April 1, 1958. Underwriter—Lehman, Utterback, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Eastman Dillon, Underwriter—None. Underwriter—Offering—Expected to be made in May or June, 1938. Continued on page 39
**Baltimore & Ohio RR.**

Bids—To be received by the company at 2 Wall St., New York, N. Y., next early for the purchase from the Federal Reserve Bank of St. Louis, $22,000,000 of first mortgage bonds due 1968. Proceeds—To refund bank loans incurred through August, 1958. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., The First Boston Corp.

**Greater New York Ry.**

Bids—To be received by the company on Jan. 23 for the purchase from it of $5,700,000 equipment trust certificates in order to reduce first mortgage debentures. Proceeds—To be used to refund first mortgage debentures. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. The First Boston Corp.

**Great Northern Ry.**

Bids—To be received by the company on Jan. 25 for the purchase from it of $12,250,000, 4% mortgage bonds maturing Dec. 1, 2056 in exchange for the $23,435,000 of outstanding bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. The First Boston Corp.

**Gulf, Mobile & Ohio RR.**

Bids—To be received by the company early in January for the purchase from it of a new issue of $12,500,000 debentures to be used to finance three-fourths of the cost of new equipment. Proceeds—Together with other funds to buy 70 new locomotives and $3,000,000 of additional equipment. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. The First Boston Corp.; Eastman Dillon, Union Securities & Co. (jointly). Bids—Tentatively expected to be received up to 11 a.m. EST. on Jan. 25, 1958.

**Illinois Central RR.**

Bids—To be received by the company early in January for the purchase from it of a new issue of $23,000,000 debentures to be used to finance the remainder of the cost of new equipment. Proceeds—To be used to refund $20,000,000 of 5% income debentures maturing Dec. 1, 2056. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. The First Boston Corp.; Salomon Bros. & Hutzler.

**Indiana & Michigan Electric Co.**

Bids—To be received by the company on Dec. 17 for the purchase from it of $3,435,000 7% debentures. Proceeds—For retirement of existing long-term debt. Underwriter—Morgan Stanley & Co., 26 Wall St., New York, N. Y. Bids—Tentatively expected to be received up to 11 a.m. EST., Dec. 17, 1958.

**Litchfield Electric Light Co.**

Bids—To be received by the company on Dec. 22 for the purchase from it of $5,000,000 of first mortgage bonds due 1968. Proceeds—To refund bank loans incurred through August, 1958. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. (jointly); Beane, Barney & Co.; Kidder, Peabody & Co. (jointly); Blyth & Co.; White, Weld & Co. (jointly). Bids—Tentatively expected to be received in January.

**Ohio Water Service Co.**

Sept. 26 it was reported company to issue and sell $50,000,000 of first mortgage bonds, to be used to refund other first mortgage debentures. Underwriter—McDonald & Co., Cincinnati, Ohio. Registration—Expected in near future.

**Pacific Electric Light Co.**

Nov. 18 it was reported company plans to raise about $30,000,000 next spring, through common and stock offering. Proceeds—To be used to refund outstanding long-term debt. Underwriter—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. The First Boston Corp.; Kuhn, Loeb & Co.; Lynch, Pierce, Fenner & Beane and Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. The First Boston Corp.; (2) For preferred stock—Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. The First Boston Corp.; Lehman Brothers Inc.; Bear, Stearns & Co.; Salomon Bros. & Hutzler; Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co. Any offering of common stock may be made to common stockholders of the company.

**Pacific Gas & Electric Co.**

Oct. 21 it was reported company plans to raise about $20,000,000 first and refunding mortgage bonds. Proceeds—To retire bank and other loans for construction program. Underwriter—Morgan Stanley & Co., 26 Wall St., New York, N. Y. Registration—Expected in near future.

**Pacific Power & Light Co.**

Oct. 21 it was reported company plans issue and sell $15,000,000, first mortgage bonds. Proceeds—To repay bank loans and for construction program. Underwriter—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Blyth & Co. Inc. Bids—To be received in Jan. 21, 1958.

**Pacific Power & Electric Co.**

Nov. 22 it was reported company plans issue and sell $24,000,000 of first mortgage bonds. Proceeds—To repay outstanding bank loans and for construction program. Underwriter—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Blyth & Co. Inc. Bids—To be received in Jan. 21, 1958.

**Pacific Power & Light Co.**

Oct. 15 it was reported company to issue and sell $25,000,000 of first mortgage bonds due 1968. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. (jointly); Lejman Brothers; Bear, Stearns & Co. and Salomon Bros. & Hutzler, (jointly); Blyth & Co.; White, Weld & Co. (jointly). Bids—Tentatively expected on or about Jan. 15, 1958.

**PJM Power Co.**

Dec. 4 it was reported company plans to issue and sell $29,000,000 of first mortgage bonds due 1968. Proceeds—To repay bank loans and for construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. The First Boston Corp.; Eastman Dillon, Union Securities & Co. (jointly); Kidder, Peabody & Co. (jointly); Blyth & Co.; White, Weld & Co. (jointly). Bids—Tentatively expected on or about Jan. 15, 1958.

**PJM Power Co.**

Dec. 4 it was reported company plans to issue and sell $29,000,000 of first mortgage bonds due 1968. Proceeds—To repay bank loans and for construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. The First Boston Corp.; (jointly); Kidder, Peabody & Co. and Eastman Dillon, Union Securities & Co. (jointly); Lejman Brothers; Bear, Stearns & Co. and Salomon Bros. & Hutzler, (jointly); Blyth & Co.; White, Weld & Co. (jointly). Bids—Tentatively expected on or about Jan. 15, 1958.

**PJM Power Co.**


**Portland Gas & Coke Co.**

Dec. 3 it was reported company plans to issue and sell $10,000,000 of new mortgage bonds. Proceeds—To reduce bank loans and for construction program. Underwriter—Lehman Brothers, New York, N. Y. Bids—Tentatively expected Oct. 28, 1958.

Aug. 1 it was announced company anticipates it will sell in 1958 $25,000,000 of preferred stock. Proceeds—For general corporate purposes. May be underwritten by Merrill Lynch, Pierce, Fenner & Beane, New York.

**Ridgeline Airlines, Inc.**

Oct. 10 it was announced company plans to register with the SEC an issue of common stock, the number of shares to be determined, and the price yet to be determined. The authorized common stock has been increased from 7,500,000 to 15,000,000 shares. Proceeds—To be used to refinance company's capital. Underwriter—James H. Price, Co., Inc., Coral Gables, Fla. Bids—Tentatively expected to be received Oct. 27, 1958. Any public offering of 50,000 shares of common stock at $3.25 per share in July, 1958.

**Seaboard Air Line Ry.**

Nov. 18 it was reported company plans to issue and sell common and preferred stock certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler, New York.

Oct. 3 it was announced company plans to offer to stockholders early in 1958 between $10,000,000 and $25,000,000 of second mortgage bonds. Proceeds—To be used to refund bank loans. (equivalent to $12,000,000 and $154,000,000). Price—To be governed by market
by competitive bidding. Probable bidders: Kidder, Peabody & Co., LEHMAN BROTHERS & CO. (jointly); THE FIRST BOSTON Corp. & BLYTH, BLYTH & CO. (jointly); THE FIRST SOUTHWEST CORP., Fausch & Fausch (jointly); Ehrman, Bronk & Bear, Stearns & Co. (jointly); Eastman Dillon, Underwriter; Tottle Engineering, Inc., Arcadia, Calif. (jointly), Harry Oederkerk, Chairman of the Board, announced corporation plans for a public stock issue in the near future. For further capital and other corporate purposes.

Union Electric Co. (Mo.)

Nov. 11 it was reported company plans to offer around 1,000,000 $100 bonds to common stockholders. Underwriter—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane.

Material inquiry opens the way to applied knowledge and technology, and the practical benefits gained will be in proportion to the width and depth of that operation. It is not merely gratifying that the insurance industry has realized the vital importance of such research in the area of financial policies and has sponsored a significant number of studies in this area. It now seems necessary that both the elements which are requisite to a fruitful contribution.

Suburban Electric Co.

Bonds Offered by Halsey, Stuart Group

Halsey, Stuart & Co. Inc., and associated companies, to offer (12) $4,500,000 of Suburban Electric Corp. first mortgage bonds, B's, 4 1/2%, due Dec. 1, 1987, at 101.566% and accrued interest, to be redeemable at the public option any time on or before the 11th day after giving of the award of the bonds at competitive cash sale yields (Dec. 11) on a basis of 100.3399.

The series B bonds will be redeemable at general redemption prices ranging from 101.66% to par, plus accrued interest in each

Suburban Electric Co. is endorsed in the purchase and sale of electricity in Everett, Malden, Medford, Melrose, Revere and Winthrop, Mass. The company was organized in 1931 by residents of a location north of Boston, is suburban in nature and residential in character, covers 29 square miles and has an aggregate population of about 25,000.

For the 12 months ended Aug. 31, 1957, the company had gross operating revenues of $19,925,654 and net income of $502,132.

The associates in this offering are: Dick & Merle Smith; Courts & NewYork, 105 Avenue, N.Y.C.; Wing, E. Pollock & Co.; Clay- ton Securities Corp.; Friedman & Co.; etc. The underwriters have dealt exclusively with the underwriters, and do not participate in the Underwriters Group.

With March & Co.

(Special to The Financial Community)

CELEBRIAN, Ohio—L. Nelson Hughes, president of M. H. Hasling & Company, members of the New York Stock Exchange.

Paine, Webber Adds

(Special to The Financial Community)

Richard D. Longacre is now with Paine, Webber, Jackson & Curtis, Union Commerce Building.

Joint Ohio Company

COLUMBUS, Ohio—Edward H. McDowell has joined the staff of Ohio Company, at North High Street.

Union Electric Co. (Mo.)

Nov. 11 it was reported company plans to issue and sell $10,000,000 4 1/2% first mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: LEHMAN BROTHERS & CO., LEHMAN BROTHERS & CO., (jointly); Ehrman, Bronk & Bear, Stearns & Co. (jointly); White, Weis & Co., Blyth, Blyth & Co., Eastman Dillon, Union Securities (jointly); THE FIRST BOSTON Corp. Offerings—Expected early in March.

Washington Natural Gas Co.

Oct. 25 the company announced a $5,000,000 in debentures, for expansion program. Underwriter—Blyth, Blyth & Co., San Francisco and New York.

Wisconsin Southern Gas Co., Inc. (1/2-3)

To make plans for a public offering of stock to stockholders for a 14-day standby, an additional 19,329 shares are to be taken by the Milwaukie Co., Milwaukee, Wis., and Harley, Hayden & Co. and Bell & Farrell, Inc., both of Madison, Wis.
Affiliated Chief Explains Year's Portfolio Changes

Mutual Funds

By ROBERT E. EICHEN

The problem chief is a portion of our assets in short-term bonds and under circumstances, we invest in the objectives. We believe we real value in comparison to market.

The portfolio shows 14% of Affiliated's net assets in cash and short-term investment, 80% in stocks. The largest stock holdings were: 9.0% in Republic Steel & Power Co., 8.5% in National Fuel Gas and 9.9% in Drug Stores. Oil, gas and metal stocks held 30.6% each, and Banking 15%.

One report mentioned that 90,000 stockholders, 22% of the total, are individuals who do not hold the fund's 25th anniversary

The "decline comes after a general rise in the prices of common stocks of many years duration. It also, as is well known, does not show any significant deviations from the long-term Government bonds but more importantly because the recent performance of the market favors the type of stocks in which we hold for the bulk of our assets invested.

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The State of Trade and Industry

reported, stemmed from the "substantial" closing out of 1957 for car manufacturers. The industry was faced with a leveling off in manufacturers' stocks in October in contrast to the rapid rise of September. All of this decline came in the durable goods sector.

The last time the total book value of manufacturing and trade inventories at $91,000,000,000 at the end of October on a seasonally-adjusted basis was in January 1956. Manufacturing inventories shrank about 15% from the end of November, 1956, when they were at $77,100,000,000 on a seasonally-adjusted basis.

Automotive production increased last week to 173,143 units from 167,100 during the previous week's holiday-shortened period, "Ward's" Motor Reynolds on December 5. "Ward's" counted the latest week's United States output at 447,534 cars and 25,520 trucks compared with 114,795 and 17,312 last week.

Lumber Shipments Rose 2.4% Above Previous Holiday Week ended November 30

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Dec. 7, 1957, was estimated by the American Electric Institute. Output the past week advanced with the resumption of more normal activities following the Thanksgiving Holiday.

The past week's output rose to 702,000,000 kwh, above that of the previous week's 689,000,000 kwh. The comparable 1956 week and by 889,000,000 kwh, above that of the week ended Dec. 10, 1955.

Car Loadings Declined 12.5% In Holiday-Week

The surge of January 1957 was a sign of the year's Thanksgiving Holiday, the Association of American Railroads reported.

Loadings for the week ended Nov. 30, 1957, totaled 533,722 cars, a decrease of 186,424 cars, or 26.4% below the corresponding week in 1956.

Automotive Output Turned Sharper Higher In Post-Holiday Week

Last week the industry reported that the previous week by 25,779 cars, while truck output increased by 5,247 vehicles during the week. In the corresponding week last year 157,596 cars and 24,061 trucks were output.

Canadian output last week was placed at 4,360 cars and 996 trucks. Orders for January 1958 were placed for 13,624 cars, 4,573 trucks and for the comparable 1957 week 6,712 cars and 1,911 trucks.

Lumber Shipments Rose 2.4% Above Previous Holiday Week ended November 30

Lumber shipments for the week ended Nov. 30, 1957, were 24.4% above production, according to the American Wood Producers Association. The lumber industry reported last week's output, averaged 611,000,000 board feet, slightly higher than the December holiday week.

Business Failures Rose Sharply In Post-Holiday Week

Commercial and industrial failures increased to 217 in the week ended Dec. 7, 1957, the Commerce Department reported.

While business failures were sharply below the 222 failures of the comparable week in 1957, they remained the highest level since November 1955, when they averaged 351.

Business Failures involved liabilities of $5,035,000 or more. 825 failures were recorded from 1955, when they were placed 217. Of these, 12 failures were registered in the business failures were on the increase.

Wholesale Commodity Price Index Turned Slightly Higher In Latest Week

Price increases on flour, livestock, lard and cocoa helped boost the wholesale commodity price index in the week ended last week. Although the December 1955 daily wholesale commodity price index rose to 276.84 from 276.64 a week earlier, it was noticeably below the 301.27 of the comparable date last year.

Increased bookings in both Spring wheat bakery flours and in "blue" Winter wheats were recorded during the week. Orders for other flours were limited. Purchasers of sugar expanded substantially and prices were sustained at the levels of the past several months. Flours during the week. Nov. 23 totaled 164,275 short tons, compared with 143,773 a week earlier.

The West and California were still receiving orders, according to a recent report to the United States Department of Agriculture. The cumulative total of deliveries for the year to date amounted to about 7,000,000 tons in the comparable period a year ago.

Weather and crop reports and news of a possible expansion of the Government's farm export program were the major influences on grain trading and prices the past week. While reports of

Continued on page 43
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, as of that date:

### Table: Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:

<table>
<thead>
<tr>
<th>Latest Week</th>
<th>Previous Week</th>
<th>Month Ago</th>
<th>Year Ago</th>
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<td>$7,820,000</td>
<td>$8,100,000</td>
<td>$8,500,000</td>
<td>$9,000,000</td>
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#### AMERICAN PETROLEUM INSTITUTE:

- **Crude oil demand:**
  - Domestic: 12,000,000 barrels.
  - Foreign: 1,500,000 barrels.
- **Reserves:**
  - Total: 125,000,000 barrels.
  - Domestic: 110,000,000 barrels.
  - Foreign: 15,000,000 barrels.

#### AMERICAN BANKERS ASSOCIATION:

- **Round-lot sales—**
  - Fuel oil: 2,000,000 barrels.
  - Domestic: 1,500,000 barrels.
  - Foreign: 500,000 barrels.
- **Refined fuel oil sales:**
  - Domestic: 1,000,000 barrels.
  - Foreign: 300,000 barrels.

#### AMERICAN STEEL INSTITUTE:

- **Steel shipped:**
  - Domestic: 2,000,000 tons.
  - Foreign: 500,000 tons.
- **Steel production:**
  - Domestic: 1,800,000 tons.
  - Foreign: 300,000 tons.

#### AMERICAN ZINC INSTITUTE, INC.:

- **Domestic production:**
  - Zinc: 51,000,000 pounds.
  - Lead: 41,000,000 pounds.
- **Domestic consumption:**
  - Zinc: 45,000,000 pounds.
  - Lead: 35,000,000 pounds.

#### AMERICAN RAILROADS:

- **Freight haulage (carload lots):**
  - Total: 1,500,000 tons.
  - Domestic: 1,200,000 tons.
  - Foreign: 300,000 tons.
- **Freight revenue:**
  - Total: $50,000,000.
  - Domestic: $40,000,000.
  - Foreign: $10,000,000.

#### AMERICAN BANKERS ASSOCIATION:

- **Round-lot sales—**
  - Fuel oil: 2,000,000 barrels.
  - Domestic: 1,500,000 barrels.
  - Foreign: 500,000 barrels.
- **Refined fuel oil sales:**
  - Domestic: 1,000,000 barrels.
  - Foreign: 300,000 barrels.

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- **Steel shipped:**
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  - Foreign: 500,000 tons.
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  - Foreign: 300,000 tons.

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  - Zinc: 51,000,000 pounds.
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- **Domestic consumption:**
  - Zinc: 45,000,000 pounds.
  - Lead: 35,000,000 pounds.
The State of Trade and Industry

The heavy snowstorm experienced last week was a major factor in the lower volume of sales.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Nov. 30, 1957 decreased 23% under that of the like period last year. In the preceding week, Nov. 23, 1957 an increase of 2% (revised) was reported. For the four weeks ending Nov. 30, 1957 a decrease of 5% was reported. For the period of Jan. 1, 1957 to Nov. 30, 1957 the index registered an increase of 2% above that of the corresponding period of 1956.

Comparisons are affected by the fact that Thanksgiving Day was one week later this year than last.

Armstrong, Jones Adds
(Special to The Commercial Chronicle)

DETOIT, Mich.—Jay D. Mc-
Ginty, president of the American Bankers Association, and Arthur W. Parker are now connected with Armstrong, Jones, Lawton & White, Incorporated, Penobscot Building, members of the Detroit Stock Exchange.

Two With Union Security

CHICAGO, III.—Jerome R. Bat-
ina and John R. Villien are with Union Security Co., 29 South LaSalle Street.

DIVIDEND NOTICES

FEDERAL PAPER BOARD Co., Inc.

The Board of Directors of Federal Paper Board Company, Inc., declares a quarterly first-cum-erate preferred dividend of 30 cents per share to be payable on the close of business December 1, 1957 to stockholders of record November 27, 1957.

Robert A. Wallace,
Vice President and Secretary
December 6, 1957
New York, N.Y.

New England Gas and Electric Association

The Trustees have declared a quarterly dividend of $1.125 per share on the 4.5% Accumulative Preferred Stock of the Association payable March 15, 1958 to stockholders of record March 1, 1958.

Robert A. Wallace,
Vice President and Secretary
December 6, 1957
New York, N.Y.

SUPERCRETE LTD., ST. LOUIS, MO.

November 19, 1957

NOTICE OF DIVIDEND

Notice is hereby given that the Board of Directors of this company has declared a quarterly dividend of 5% on the Preferred Stock of the company, payable January 1, 1958, to stockholders of record at the close of business December 15, 1957.

Transfer books will not be closed.

P. R. Mooney, Secretary-Treasurer.

TENNESSEE CORPORATION

November 19, 1957

CASH DIVIDEND
A dividend of fifty-five (55) cents per share was declared payable January 10, 1958, to stockholders of record at the close of business December 3, 1957.

EXTRA CASH DIVIDEND
An extra dividend of twenty-five (25) cents per share was declared payable December 10, 1957, to stockholders of record at the close of business December 3, 1957.
WASHINGTON. D. C. — The most important and far-reaching boundary dispute in the 167-year history of the Supreme Court of the United States has come to a head, and the tribunal is expected to act on it sometime in 1957.

Indirectly hundreds of millions of dollars, or even billions, in oil and gas leases and other minerals are involved. No one knows how much is involved, or even if it can be determined.

One way the complaint was filed was by the Federal Government through the Department of Justice, against the State of Louisiana, where practically all of the rich oil and natural gas reserves have thus far been discovered. However, the suit has been broadened to a point where the complaint also includes Texas, Alabama, Mississippi and Florida.

In the initial action the Federal Government asked the Supreme Court to declare that the boundary of Louisiana in the Gulf of Mexico is three miles from shore. Louisiana claims at least three marine leagues, or some ten miles from shore.

Ickes' Originated Action

The Federal Government never before seriously interested in the Gulf of Mexico lands until the days of the New Deal. Secretary of Interior Harold Ickes led the attack against the states of California, Louisiana, and Texas, and never did so before.

Moreover, no great discoveries have been made off the Texas coast, but practically all of the vast reserves have been made off the Louisiana coast.

Major and independent oil companies have invested many, many millions of dollars in offshore operations. New Orleans is becoming more and more important as a center of petroleum activities, both offshore and inland, with seven major Louisiana communities.

Federal Government

In the Federal Government and the State of Louisiana each has collected many millions of dollars in leases and royalties. But the income for each has just begun, despite the fact that it costs a producing company substantially more to produce oil and gas offshore than it does on land.

$100 Million In Escrow

About $100 million is being held to escrow from leases in Louisiana alone just in the disputed areas where the State claims the lands belong to the state, and where the Federal Government claims it has jurisdiction.

Associate Justice Tom Clark, a Texan appointed to the tribunal by President Truman, has turned out to be the most conservative member of the court. However, he is expected to excuse himself in ruling on the boundary dispute because he was attorney general of the United States when the original tidelands suits were brought by the Federal Government.

All Oil Companies Affected

Major and independent oil companies all over the nation are of course directly involved in the outcome of the suit. Only when the dispute is settled will some companies know whether they will be doing business with the States or with the Federal Government. Some oil company spokesmen assert that it makes little or no difference whether their dealings are with the States or the government in Washington.

Congress passed the Submerged Lands Act in 1932. In 1947 and 1956 in suits by the Department of Justice against California, Louisiana and Texas, the Supreme Court held that coastal states did not own the seabed off their coasts, but that the resources of the submerged lands belonged to the Federal Government. The decision was made by the court on the basis that decisions there was a widespread demand to transfer some of the resources to the coastal states.

Warren May Not Participate

At the time of the 1947 Supreme Court decision holding that the Federal Government had "paramount rights" to the submerged lands, the new Chief Justice, Earl Warren, was Governor of California. Thus he has announced his decision of the Federal Government's position.

Today Chief Justice Warren heads the liberal members on the Supreme Court. He may be the deciding vote. He may be in the boundary dispute involving only the Gulf States. Other members of the so-called liberal bloc on the tribunal include another Eisenhower appointee (in addition to the Chief Justice), William J. Brennan, Jr. Others are Justice Hugo L. Black and William O. Douglas. Douglas is known for his liberal views and his association with President Franklin D. Roosevelt.

Submerged Lands

All Gulf States Party to Suit

State of Louisiana has filed numerous briefs in support of its contentions that its boundaries extend three leagues from shore, rather than three miles. Furthermore, Louisiana maintains that its boundaries are coextensive with the boundaries of the United States and extend to the edge of the continental shelf. Therefore, the state contends that the Federal Government can only exercise powers granted to it by the Constitution.

Because the Louisiana boundary contentions are so intertwined in the issues involving the other states bordering on the Gulf of Mexico, the Supreme Court decided that in order to make a proper determination of the issues all other Gulf States should be made parties to the suit. The states still have a few weeks to act on the suit of the Federal Government.

Eisenhower Endorses States' Rights

The Republican platform of 1952 bore a plank that the States should be accorded title to the submerged lands within their historic boundaries. Subsequently President Eisenhower in stump speeches advocated that the States be given recognition and jurisdiction over their historic boundaries.

In a speech on New Orleans on Oct. 12, 1952, he said: "So let me be clear on my position on the tidelands and all submerged lands and resources beneath inland and offshore waters. As I have said before, my views are in line with my party's platform. I favor the recognition of clear legal title of these lands in each of the 48 states."

At Houston the following day, President Eisenhower said: "The people of the great state of Texas in their rapid development of its vast resources, striking evidence that even wise men can make mistakes. "Just 107 years ago, the United States Senate decided that the public lands of Texas were not worth $10,000,000. This was the public debt of Texas when Texas was annexed to the Union. So the United States did to Texas: 'Keep your debts—and keep your lands. We don't want either.' "And so the State of Texas paid off the $10,000,000 debt to the Republic. It kept its 200,000,000 acres of land—including the submerged areas extending three marine leagues seaward into the Gulf of Mexico."

After his election, President Eisenhower made two or three supporting statements in behalf of the legislation providing for the states to have title over the submerged lands within their historic boundaries.

Thorny Questions

Thus, the big and thorny questions before the black-robed justices are how far do the boundaries of these states extend out into the Gulf of Mexico. One of the questions of vast importance is, whether or not some states have only three miles from shore while other states have as many as 20 or 21 miles or three leagues. Some constitutional lawyers contend that the various states were admitted to the Union on equal footing.

Another question is which of the Mexican states involved. Will the cases be tried in a federal court and if so, is it true that the boundaries of the various states are coextensive with the Mexican boundaries?

Big Money Involved

Geologists and expert oil men predict that these submerged lands hold tremendous wealth that will yield hundreds of millions of dollars to both the Federal Treasury and the treasuries of the various states.

Meantime, the State of Louisiana presented its arguments to the Supreme Court right months ago. However, with the complaint broadened to include the other states, and the attorney general of those states are preparing their written arguments. They will also be given a chance to clear up points in arguments before the court makes its important ruling.

This court is expected to make its decision in 1958, perhaps even before 1957. The Austin (Texas) Statesman and major in the Chronicle's own views.

NAD District No. 10 Elects to Comm

Announcement has been made of the election of three new members to District Committee No. 10 of NAD. These are Mr. Omer Alexander Johnson, Joseph, President, Joseph, McElroy, and Charles J. Kruse, partner, Prescott & Co., Cleveland; and John D. Greene, manager, Texas National Life. The district consists of the states of Ohio and Kentucky.

IBA 1956 Convention

At Miami Beach

The Investment Bankers Association of America will hold its 1956 convention at the American Hotel in Miami Beach, Florida, Nov. 30 to Dec. 5.

Two With Columbine

Botany Mills

A. S. Campbell Co. Inc.

Fashion

Indian Head Mills

States Envelope

Morgan Engineering

Hartley

Riverside Cement

Lerner & Co.

TRADING MARKETS

Botany Mills

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Riverside Cement

Lerner & Co.