EDITORIAL
As We See It

The President is now pondering, prayerfully without doubt, what he should say to the Congress and the American people in messages which he must deliver in the near future. He is unquestionably well aware of several questions now plaguing the minds of a great many. Have we really played the hare to a newly supercharged Russian tortoise in the matter of scientific advance, particularly as applied to war making potential? Are we in serious danger of being further outdistanced by reason of a relative shortage of trained manpower in the years to come? What, if anything can we and should we do about all this?

And now the "Eisenhower boom" appears to be losing steam, and questions are being raised in many quarters as to whether the future is to be as bright as had been supposed by the professional optimists and the gullible. Of course, fears of the future are not shared by all. Probably a good majority of the better qualified observers are confident that we are not on the verge of anything in the nature of a serious depression. Yet there is a definite feeling of uncertainty and uneasiness about the near-term outlook for full employment and good profits. These are some of the burning issues that the President cannot by-pass in either the State of the Union or the Budget Message he must soon deliver to Congress.

The President has as yet given no indication of alarm about the military strength of Russia comparative to our own at this time. Of course, the general public is not in possession of the facts in sufficient detail to form any confident independent judgment in this matter, and

Continued on page 20
The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring or against particular issues. (The articles contained in this forum are not intended to be, nor are to be regarded as, an offer to sell the securities discussed.)

ALLEN M. STEINER
Associate Partner, Woolfolk & Shoher
New Orleans, La.

Mississippi Shipping Company
("The Delta Line")

If the reader is not interested in a continuous forum in the investment opportunity of 1, it risk, 2, a 3 unbroken dividend and record, 3, good return, 4, and the possibilities and low interest rates, then he should look no further.

Organized in 1919, this company, with 1,185 miles of navigable waterways, operates a modern fleet of 14 freight and 10 passenger vessels. It handles a large share of the Gulf of Mexico trade for many industries and is a $200 million company.

In brief, Mississippi Shipping Company has many recognized advantages that make it an outstanding investment. The bond, rated A-1 by Moody's, has a high dividend, very low current yield on current earnings, and an outstanding record.

The management, in my opinion, is entirely suitable for the operation of the business, and I believe that the interest return, on expectations, will be 10% or more in the next 15 years.

In view of the above, I recommend the bond of this company for investment purposes.

This week's Forum Participants and Their Selections

Mississippi Shipping Co. ("The Delta Line")—Allen M. Steiner, Associate Partner, Woolfolk & Shoher, New Orleans, La. (Page 3)

Freuhauf Trailer Co.—Thomas F. Willmore, President, Thomas F. Willmore & Co., Detroit, Mich. (Page 2)

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**Trends in Interest Rates**

By C. Richard Youngdahl

The question is not which way interest rates will move, specialist in governments declares, "but how quickly will they decline, how far will they go, and how long will they stay down." In answering these queries, Mr. Youngdahl expects the response to lowered Nov. 14 discount rate to be: (1) larger bank reserves and supply availability of bank credit; (2) rebuilding of governments in banks' portfolio in absence of demand for loans; (3) lowering of Treasury rates in January ranging from 2.5% for bills to five-year Treasury yield from 3 to 3 3/4%, and (4) attractiveness of corporations and municipals bringing about greater adjustment than in Treasuries. See Federal Reserve moves to cushion any further business slide in the market for long-term interest rates.

With the reduction in the Federal Reserve discount rate on Nov. 14, the point interest today is "how far" will the interest rates decline? A review of past periods of interest rate declines may provide some clues, and that is what I propose to do in this paper.

Interest rates generally reached their lows in modern times at least in the early 1940's and persistently, specifically in point of time in the spring of 1946. The achievement of these interest rates, if achievement is the right term for it, and their persistence for a period, had a profound effect on our financial history over the entire postwar period. Certainly 1946 was not an equilibrium or normal situation, financial structure in the economy, and the forces and developments leading in both directions and the other were most exceptional. During most of the postwar, many of us had been witnessing, if anything, short-term interest rates getting back to normal. For a long while after the war it was safe to assume that the process of getting back to normal, or even if "normal" was a term of interest rates generally prevailing in the 1920's. We have been back there, and perhaps was overshooting those levels in certain respects. But let's begin with the 20's and only review briefly the last 35 years, or so, see if we can find anything that will be of assistance in our present on the current questions, how far and how long will interest rates decline.

Patterns Over the Twenties

Most of the 1920's was a declining trend in long-term interest rates. This decline reflected steady growth in savings, available for financial investment, particularly through institutional channels. Life insurance companies, for example, were gaining major importance. The growth in savings,

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An enterprise of vision and the world's leading producer of float glass.

The season of the year may suggest a quotation from Scripture. Our topical selection is from the 29th Chapter of Proverbs:

"Where there is no vision the people perish."

The subject of our praising is General Motors, the largest and most varied of the United States automobile companies—successfully operating plants in Detroit, Ohio, and Tennessee. General Motors, the second largest of the United States automobile companies—operating plants in Detroit, Ohio, and Tennessee.

LOF is not in a business that stands still technologically. New uses and applications of glass are constantly being researched. "There's Vitrolux, an ornamented colored structural glass; and many variations of laminated glass including a windshield for aircraft which remains cool even when heated at extreme temperatures, electrically."

In the year 1950 General Motors sold 10,864,000 cars. An estimated 250,000,000 automobile sales are presented over $25,000,000,000. LOF prices are used for electrical insulation, textiles and other uses in insulation and in many applications in the electronic and aircraft industries.

LOF Fibers Co. now sells 25 million automobile sales in the United States. The company, "in its normal operations, has never been below the $20 million mark in any one division."

For purposes of the annual report, the company, "in its normal operations, has never been below the $20 million mark in any one division."

"Mr. Curtice indicated a general decline in confidence on the part of both business and consumers is to blame for the lagging business pace."

"For various reasons," he stated, "confidence at present seems to be at a low point."

"Intense competition will mark the auto industry again in 1958, the head of General Motors predicted. Even if the current sales rate is indicative of the final result for the year, he continued, "it would still represent a good volume of business for the industry," and added, "The picture would improve should an upturn in business be the half of what it was."
Observations... By A. Wilfred May

SOME FORECASTING ITEMS FROM THE EXPERTS

PHILADELPHIA, Pa.—The most important item issuing from the conviction here of the Allied Social Science Societies meeting at the American Economic, American Finance, and American Marketing Associations and the Economic Society, is the additional evidence of, with the reason for, the shortcomings of forecasting.

Our first exhibit was introduced by Arthur Olson of the Cowles Foundation for Research in Economics at Yale University, speaking on "A Post Mortem of Some Recent Short Term Forecasts." He presented a questionnaire, "A Review of Social Science Forecasts for 1955 and 1956," embodying unpublished material compiled by the Foundation. It will be recalled that the major evidence of the shortcomings of the stock market forecaster is found in the findings of the Cowles Commission for Research in Economics in 1933.

In a preliminary comment by Mr. Olson, regarding general forecasting performance, and the value of the predictive tools that have been developed, he pointed out that most forecasts of postwar economic activity failed utterly to forecast the inflationary prospects of the late nineteen-forties. The results now reported were derived from forecasts made for the years 1953 and 1954 by professional economists in six financial, industrial, and publishing firms in New York City, and were the product of serious, independent, and substantial efforts. The conclusions were offered on Gross National Product.

The 1955 Score

For 1956 the forecasters envisaged a general expansion of economic activity, with the price level rising and the nation's gross national product increasing. The expected increase in consumer spending would be offset by the tax cut, and the expected increase in the price level would be offset by the Federal Reserve's monetary policy.

The 1956 Results

"The score" for 1956 resembles that for 1955. Since GNP had risen materially during 1955, it was natural for the forecasters to expect a continued rise in 1956. Six of the eight forecasters had predicted that GNP would rise some time during the latter year. The total rise actually occurring during the year was 2.3%, as compared to the forecast of 2.7%. The major factor contributing to the error arose from the inaccuracy in the predictions of the price level. The large rise in foreign demand for American goods was not foreseen; the predicted change in consumption was substantially too low; and the predicted increases in business fixed investment were substantially too small. Under-estimates of capital outlays resulted largely from the rapid rise in prices of capital goods.

A second cause of forecasters' error was a mistaken underestimate of the expansionary influence of net foreign investment.

In the forecasting of both years, 1955 and 1956, the forecasters were on the wrong side of the market; in 1955 they underestimated the price level; with the forecasters failing to anticipate any increase in prices. Contrasted with the rise of 20.5 billion dollars, which actually occurred, the highest predicted rise was 20.4 billion dollars, the low 10.5 billion dollars, the mean $14.3. The forecasters' unanimously anticipated a small rise in net foreign investment, which fitted their materialism. For residential construction and investment, the predictions were uniformly too low. The largest underestimates of expansion occurred in personal consumption expenditure. The area with the fixed investment was the major area of the underestimation of the magnitude of expansion. The actual rise of net residential construction and producers' durable goods was not anticipated. The large capital gains anticipated in the home-building market would stimulate consumer spending.

The divergence of mathematical theory and practice, as plied in a paper by Professor Gregory C. Chow, of M.I.T., proved to be the largest single error of the expectations list. The forecasters failed to predict the rise in stock prices, which is now generally accepted as the major factor contributing to the rise of the stock market. In this case "people" are investors and their location is the market. Thus, this divergence can cause the greatest effect of changing crowd behavior.

Mathematising Future Stock Prices

This human behavior element of financial markets was demonstrated in another arena that of the economic models. The Cowles economists presented a method for the successful deter-mination of stock market values. They claimed, they typically pointed up the variance of the calculation of the market predictions of the future in mathematical measurements from the market's actual behavior. In this case "people" are investors and their location is the market. Thus, this divergence can cause the greatest effect of changing crowd behavior.

For a "P.S."—Unfortunately, the two Russian economists mentioned as another area of the economic models. They have supplied timely information regarding the attitude and activities of Soviet scientists in this area of value of investment, and have come to a similar conclusion of mathematical theory and practice.

Mitchell & Company Admits Three Partners

Mitchell & Company, 120 Broadway, New York City, members of the Philadelphia-Baltimore Stock Exchange, have admitted Jack A. J. J. Jones, Everett F. Walliser and Herbert B. Aleshow to general partnership.

Jan. 17, 1958 (Baltimore, Md.) Baltimore Security Traders Association 22nd annual midwinter dinner at the Southern Boulevard Hotel.

Jan. 27, 1958 (Chicago, Ill.) Bond Traders Club of Chicago annual Midwinter Dinner at the Sherman Hotel.


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

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


Nov. 2-5, 1958 (Boca Raton, Fla.) National Security Traders Association Annual Convention at the Boca Raton Club.

Nov. 28-30, 1958 (Miami Beach, Fla.) Investment Bankers Association of America-an annual convention at the Americana Hotel.

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January 1, 1958
A Most Unorthodox Policy for
A Labor Leader to Propose

By RICHARD J. GRAY

President, Building and Construction Trades Dept., AFL-CIO

Aware of the unorthodoxy of the proposal for a labor leader to utter, AFL-CIO Building Trades President asks rank and file to accept one year wage freezes. In addition to this, Mr. Gray proposes a joint labor-industry effort to secure easier money, lower taxes, more public construction, and improved productivity. These are only a few of the arguments which possibly will be used in order to try to obtain wage stabilization with full employment through increased production, or to strive for wage increases which adds to the national and other important segments of the industry.

The number one problem facing the nation today is not Russian superiority in scientific military achievements, but inflation. I feel confident that the destruction of power of unions now held by the major nations is no greater than that no country will risk starting a large scale war. This is not to say that we shouldn't keep up our defense efforts—indeed, we need renewed efforts in the missile field and other aspects of military defense. Increased defense efforts mean spending more money—borrowing more money. In short, this means more inflation.

It will do us little good to achieve military superiority if we create a cost and ever-increasing inflation eventually result in widespread unemployment and lower living standards.

Inflation

Let us consider inflation and its effects upon us, first as Americans and then as those in the building trades. Inflation means much more than higher prices for goods and services. It means that the $1,000 in life insurance policy you bought in 1947 is now worth only about $750. It means that the $1,000 you put on deposit in 1947 for your child's college education is now worth about $750. It means that the $100 a month social security,

*From a talk by Mr. Gray before the Building and Construction Trades Dept., AFL-CIO, Atlantic City, N. J.

is reduced dramatically in buying power. It means that the $20 a week you used to make and were happy to have is now worth only about 50 cents of its original value.

The reason I dislike the tight-money policy is that it is designed to cut back construction—this means unemployment to the people and also adversely affects the nation's economic well-being.

Many people are wondering why we are building thousands of million-dollar buildings. A recent number one on our list of problems and what, if anything, can be done about this problem.

Let us say that we have a very grave responsibility to our country as wage earners. As leaders of 3½ million building tradesmen, the responsibility to see this nation's economy continues. Many of us know that a building is really that the construction industry is the number one industry in the country and has been for the past several years. It is termed "real money, and less work.

Perhaps we can illustrate this means by citing a couple of figures. Economists predict that the "Gross National Product" or GNP as they call it, for 1957 will be $673 billion, or $100 higher than in 1947. This $673 million is spent for goods and services of $47 billion and alteration and repair work account for $16 billion. Construction industry accounts for 30% of the nation's gross national health. In a word, it means that $1.00 out of every $10.00 spent is in the construction industry. The point is that if the workers of the laborers can be convinced that the national's well-being places added responsibility on the construction workers.

Up until now, our sole object has been to get organized and to get the workers to vote and to use their political rights and make the union strong. However, that is no longer enough. As the letter writer of February 9, 1957 said: "To me it seems that the national's real problems are not so much what it can do for the workers as what the workers can do for the national's problems."

Alternative Choice

Shall we continue to strive for any gain in our wages at the expense, and, like Mr. Gray, add, construction, and industry and more unemployment for our people? It can be a hard job to get people to balance the scales against the 100,000 that their respective contractor associations that they voluntarily forego any wage increase during 1958.

In order to get us voluntarily to do this, we have to convince the workers; this is by the same device that has been used by increased production.

Wage Moratorium

First, I propose that all General Presidents join in a public declaration of policy calling upon their local building and construc-

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and the appointment of MR. RICHARD H. SCOTT as our representative in Denver, Colorado

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The Commercial and Financial Chronicle . . . Thursday, January 2, 1958

a how to make the workers understand that we are really that do not want a tight-money policy by this Administration or any other Administration.

We are pleased to announce that MR. JAMES L. JOSEPH has been admitted as general partners in our firm

J. F. Reilly & Co., Inc.

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Mitchell & Company
A Golden Opportunity
In Government Bonds

By LE Roy F. WINTERHALTER
Vice-President, The First National Bank of Chicago

"A golden opportunity" in bonds for bankers is portrayed by Chicago banker who assumes low point in bond quotations has passed. Main point he suggests: (1) tax swaps still available at a profit and (2) post-war possibilities should lengthen out, at least moderately to maturities from 1960-63; (3) retain 4½% notes due Aug. 1, 1961, and Aug. 15, 1962; (4) smaller coupon discount obligations, when feasible, due to their better after-tax yield in lien of higher current income.

The subject of Government Bonds is so consequential and so comprehensive that the writer feels he should begin a discussion of its vastity by presenting, with respect to these bond markets, the following: "The Federal Reserve Bank of St. Louis." Digitized for FRASER by lastroused.la

L. F. Winterhalter

The developments during the recent post-war period in our economic interest rates, Government bond markets, and bond prices have been such that serious consideration must be given to the proper allocation of funds to the most advantageous investment opportunities. The Federal Reserve Bank of St. Louis has been conducting a study of the developments in the bond markets and has concluded that a strong and persistent upward movement in the price of Government bonds has been evident from 1948 to 1960. This upward trend has continued to the present time, and the writer feels that this upward movement has been caused by a combination of several factors: (1) an increase in the money supply, (2) a decrease in the demand for money, (3) a decrease in the demand for commodities, and (4) an increase in the supply of Government bonds.

The writer feels that the upward movement in the price of Government bonds has been caused by a combination of several factors: (1) an increase in the money supply, (2) a decrease in the demand for money, (3) a decrease in the demand for commodities, and (4) an increase in the supply of Government bonds.

We are pleased to announce that F. KENNETH MELIS and HARVIE J. SLADE have become Partners in our firm.

F. EBERTSTADT & CO.

January 2, 1958

We are pleased to announce the election of EDWARD BURNS II and SAMUEL CHANDLER, JR., as Vice Presidents.

F. EBERTSTADT & CO., INC.
Managing Director of Chemical Credit, Inc.

65 BROADWAY NEW YORK 6, N. Y.

December 31, 1967
Your correspondent has before him a letter from a very formidable group of men soliciting his opinion in an organization to check the financiers in our midst. It describes a situation of machinations of which I would not want it to go public. That is not my line, but I am not his, and I believe there is sympathy with the aims, practically, of the needs of this organization. Insanely as it is composed of very high-sounding names, one of which was when Joe McCarthy and Martin Dies were taking the ramps.

I have just now a greater concern and that is a menace which would protect me from the Gaither report. It seems that while the men are speaking to the people, the country has been through the orbit, our country has said they would do that. From what I gather, this is no mean accomplishment, and it seems as our country, separated from us, we are going to spend $22 billion for air raid shelters and an additional $8 billion annually on missiles, etc. That is something that should appeal to our peoples as a "bold and imaginative" program. If they say that they have been clamoring for.

And practically it has. The report has apparently had some of the most expert Madison Avenue people in this country, and I believe that it is going to appeal first, the second appeal. Coming soon, the administration that will knock your eyes out. Watch this space for further developments.

It is something we are told, that is being said by all the Administration because it is abroad the American people of all the Jews. There is no question that Administration has been a hard race, and I imagine, who are being pretty case-hardened, and who are being so very much needed.

But being interested in fads and particular things that are being told are likely to affect all of our lives, and if we go ahead of us, we might end up in second classness.

There are not many Congressmen or Senators in public service these days but those that are, have approached, with together official of the executive branch, and friends have written me about them on my query: "What do you think it would mean to us to be a second class nation," they have responded, "it would be unthinkable.

This, as it has turned out is, but when I have heard their second thoughts are more sobering. Particularly the old timbers. I have seen a wistful expression come on the faces of those fellows as they began to remember of the days before the First World War when a second class country was what we were. In those days Britain and also France (in the global) loyalties were at the point of being transferred to the smaller nations, furnishing them arms, having trouble in Germany, and all sorts of "bites." We had a delightful time, delightfully buffooning the North and South Americans and the Mexicans, and an American soldier was in any part of the world. Why, in the Boxer rebellion, Americans were in China, and Spreading Butler, who later became president of the British army, once had two marines battalions, held all the Chinese who came.

However there are days gone. We have advanced in civilization in the Gaither report. We all know it. In one newspaper I have read that three Congressmen who were kept at what it fell over in a faint. It is something we have not imagined, is going to be determined to find out.

As near as I can get at it, one of Mr. Eisenhower's advisers, Robert Cutler, Secretary of National Security Council, wanting to make a speech so as not to upset his friends, suggested that the President make a statement. This means of putting men on a committee is a great weakness of the contractors, Democrats or Republicans. This statement is the basis of a better subject, with looking into the need of shelterers against the bonds. As it is the case, that all committees of big businessmen and industrialists, as this committee was, they got a bunch of bright young men who decided people of this country, giving the fellows not out of bounds and came up with a report that we are now studying.

Where did they get this information? The only authoritative place they could have gotten it was from our CIA. The CIA has had a sad situation on which they have been spending a great deal of money to take the Gaither report seriously. This poor, the President's secretaries, they wouldn't tell the President, their boss. Or, as is being reported, it is giving the information to the President and he didn't do anything about it, and the CIA if it is a patriotic duty to turn their information over to the President, bright young men. This puts the President in the light of being stooge, of course, one would believe.

As I am not being told to me is that the military figures the case that was to go on and spend the money, the defense money the Gaither report, recommended, it would frighten the Russians into an attack. If you want to believe to the military, you will have to have some ground, you are welcome to the belief.

Bond prices, as measured by the New York Stock Exchange, have rather wide are in the course of the year just ended. And, of course, the financial press has reminded us just prior to the Federal Reserve's annual nicety that it was ready to go money policy in mid-November.

Triple A utility obligations have fallen 5-3/4 points, yields around 3.54% had hit a peak of 40% with little threat of a new rally as the year ended. This was due to the Federal Reserve's decision in mid-November.

As the story is pretty much the same in railroad liens with yields moving from 3.62% at the end of 1956 to 3.18% in early November. The former were at 3.5% basis at the year end and the latter January reinvestment demand has shown some of them to have sprinted up to bonds.

In industrial bonds the movements were less pronounced. Triple A ratings moved from 2.7% at the end of 1956 to 2.9% in early November and finished up the year at 2.84% basis. Both are in the case of U.S. Government and municipal securities.

Big January Calendar

Promising potential corporate borrowers still are disposed to look for a bit of help from the customers rather than the banks, and have with the reversal somewhat more pronounced in Treasury issues.

Large Issues Ahead

The final half of January could bring to market upward of $300 million Dutch Petroleum's projected offering of 7.5 million shares, which were postponed and included.

Largest of the prospective debt issues is Pacific Gas & Electric Corp. of $200 million of bonds which should be up for bids on Jan. 21. This would be from an original $60 million undertaking.

Commonwealth Edison Co. of Chicago will be best the largest of Dutch Petroleum's projected offering of 7.5 million shares, which were postponed and included.

Largest of the prospective debt issues is Pacific Gas & Electric Corp. of $200 million of bonds which should be up for bids on Jan. 21. This would be from an original $60 million undertaking.

Pacific Power & Light is planning a large of $10 million and $109 million of preferred and Alabama Power Co. will seek about $100 million through the sale of bonds.

James O. Stephenson Opens

BRADENTON, Fla. — James O. Stephenson has opened offices here to engage in a securities business.

From Washington

Ahead of the News

BY CARLISLE BARGER

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Public Utility District No. 1 of Chelan County

WASHINGTON

5% Rocky Reach Hydro-Electric System Revenue Bonds, Series of 1957

Dated December 15, 1957

$1,000

Due July 1, 2013

HALSEY, STUART & CO. INC. JOHNNY NUVEEN & CO. B. J. VAN INGEN & CO. INC. SMITH, BARNEY & CO. BLYTH & CO., INC.

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HAROLD H. HUSTON & CO.

MURPHY FAVRE, INC.

BADGLEY, FREDERICK & ROGERS, INC.

FIRST WASHINGTON CORPORATION

BRAMHALL & STEIN

December 30, 1957.

The Bonds are issued under the authority of the Washington State, the City and County of Seattle, and the Chelan County Electric Light and Power Company, as fixed by their respective Acts of Incorporation, for the purpose of providing funds for the operation and maintenance of the Rocky Reach Hydro-Electric Project. The Bonds are unsecured and are payable out of the Net Perpetual Fund aforesaid, the revenues from which, together with all income, interest, and profits therefrom, are exclusively dedicated to the payment of the principal of and interest on the Bonds and the expenses of their administration and supervision and the cost of providing funds for the operation and maintenance of the Project. The Bonds are exempt from Federal Taxes under existing laws, regulations and rulings.
Business and Financial Forecast for 1958

By ROGER W. BABSON

One of the country's most widely known financial commentators lists in this issue of the National Outlook 50 premises for the coming year. They range from skepticism about the prospects of World War III and probable effects of Eisenhower's condition on business to suggestions on stock purchases and candid insights into money, labor, real estate, and business outlook.

Next to the Russian situation, President Eisenhower's condition will be one of the most important factors for 1958. What it's influence upon Russia will be, whether revolution or the end, still remains a much to his disappoint- ment, his recommenda-tions have been largely ig-nored. The major effects of the President's condition will be political. Those closest to Washington should, for both friendship and political reasons, be hoping for his incomplete recovery. Others in charge of the Republican Party, obvious about his possible impeachment or death, would like to see him resign and drop out of the picture in order to give Vice-President Nixon a good buyout. The hope of re-election of a Republican Party again in 1960. For evident reasons, the critics are hoping that Vice-President Nixon will not have an opportunity to be a President before the coming election. Therefore, President Eisenhower's condition could greatly influence the political situation during the next few years. This would cause uncertainty and retard large-scale credit as well as consumer buying.

I cannot believe that Russia wants World War III. The present situation may be a set, but Russia is confident that it will give us some time to plan and prepare. Russia will have some large-scale credit as well as consumer buying.

The country will have more gold, but Russia will have less. The United States has a large gold reserve, but Russia does not. Russia has less gold than the United States. Therefore, my forecasts for 1958 are as follows:

1. The cold war will be intensified during 1958. This will reduce the country's ability to sell products abroad.
2. Russia will be balanced at the end of 1957.
3. Russia will be more aggressive during 1958.
4. Russia will continue to buy for defense purposes.
5. Russia will continue to buy for defense purposes.
6. Russia will continue to buy for defense purposes.
7. Russia will continue to buy for defense purposes.
8. Russia will continue to buy for defense purposes.
9. Russia will continue to buy for defense purposes.
10. Russia will continue to buy for defense purposes.

Money Outlook

(Money) 11. Money will continue to be in short supply during 1958 for new borrowers who have not established a satisfactory line of credit. The number of demands for funds, interest rates will increase during 1958. (12) Concerns with large numbers of employees will receive first consideration by banks and by the government. (13) For fear of World War III, and due to declining business, many plans for expansion of plants and new factories will be reduced. (14) Money rates may be fixed during 1958 by an economic stabilization program. (15) Lower money rates will make it easier to sell long-term bonds during 1958. (16) The supply of non-taxable state and local bonds and other "Authority" bonds will increase during 1958. (17) Commercial paper prices for many corporate bonds.

Investors will continue, during 1958, to buy from stock to attractive bond issues; fear of Russia's aggressive moves will continue to affect the market. (18) Bankers will fear for the nation's economy as a part of the cold war. They will direct the policies of national banks, the leading stock exchanges, and investment dealers.

Labor Outlook

(19) There will be a general fear that the government— as a part of the cold war—will influence the labor movement. (20) The Taylor-Lawrence Law will make it easier to organize labor. The government's physical and mental condition. (21) Congressional approval will result in the virtual elimination of labor unions from the United States. (22) 1958 will be a sad year for labor leaders. I forecast the future of unions in general and redistricting during 1958. (23) I forecast that the Taylor-Lawrence Law will be weakened as a part of the cold war. Union leaders will be weakened. Retail prices will be fixed. (24) I forecast that automation will slow down during 1958. (25) Much could be done to adjust union and local management to their changing conditions. (26) I forecast that automation will slow down during 1958. (27) I forecast that automation will slow down during 1958.

Outlook for Real Estate

(31) Land adjoining cities and towns is likely to increase during 1958. This especially applies to small farms. (32) Large commercial farms will continue to prosper during 1958. (33) The price of land to decline or suffer on the farm market. (34) Under an economic dic-tator, farmers would receive no income. (35) The price of land to decline or suffer on the farm market. (36) Old houses will continue to be destroyed. Old houses will continue to be destroyed. (37) In many sections of the country there will be a greater demand for small apartments than for single houses, and in many communities, apartment houses will be built for less. (38) Young people and old people will continue to move to new communities and upon locations not absolutely necessary for their employment.

(28) Well - located woodlands will continue to increase in value. This certificate is for wood tracts, especially in the South.


Tax Aspects of Depreciation

By DAN THEOPH SMITH
Deputy to the Secretary of the Treasury

Treasury official points out strong influence of tax treatment of depreciation on country's budget position, and also the importance of capital investment and industrial expansion. Maintains tax laws must be fair as well as economically sound, with too liberal depreciation being discouraging and unequally favoring of groups benefiting therefrom. Summary of depreciation accounting to national economic as well as individual corporate analysis, through its influence on costs, price policies, flow of funds, income determination, and decisions regarding new property purchases.

The tax treatment of depreciation influences tax receipts in a country's budget structure in obvious ways. With corporations alone taking advantage of tax deductions of $1 bill. billion and over in 1934, and expenditures for new plant and equipment running at an annual rate of $3 billion, it is clear that tax laws in the methods of determining depreciation allowances are very important changes to tax receipts. The treatment of depreciation is of great importance because of its influence on national investment and the rate of industrial production.

Modifications in tax depreciation have been made in various countries both to foster and to discourage investment in emergency defense facilities. When strictly limited to true defense needs, rapid amortization took a useful role to play, although it created inequities and disincentives which have applied too long or too extensively.

Policy in Other Countries

Canada, in contrast to our own methods of applying rapid amortization for defense plants, posted considerable postwar gains in industrial output. These accomplishments were due to the fact that our national investment in defense remained a lower total and therefore did not affect the foreign trade of the country or other industry. This has been a matter of some regret to those who desire to promote the development of our own industries and who may believe that the trend of the country's industry is not well developed.

Inquiries from...
inside the "Interim Period"
And the Building Industry Lag

BY WALTER E. HODGEY, JR.*
Treasurer, Armstrong Cork Company

The housing and flooring industry in the "interim period" ahead, in which profits present a real challenge to management and no new boom in general business in the near until 1960, is analyzed by Treasurer-Economist Hodey. The Armstrong Cork executive looks forward to slightly more construction and mortgage credit in 1958 than was in 1957, and already experiencing the reasons for building growth lag.

Since there is a good deal of feeling that the country has entered the "interim period," it is naturally following that this period will bring no sudden types of activity or slow growth.

The answer is to be found largely in a variety of the factors which have caused a lagging off of the tremendous postwar boom.

First, the artificial backlogs of demand, which arose out of postwar cut-backs, war shortages and postwar expansion, and which have been gradually disappearing in recent years, have now come to an end. New backlogs of demand are unlikely unless another emergency arises.

Second, in most fields manufacturing capacity is now adequate to meet foreseeable requirements for existing goods for at least two to five years.

Third, the nation is now experiencing a low point in family formation, and family formation will be heavily dependent on the current volume of savings.

Fourth, the financial accumulations of individuals and businesses during the war years have largely been put to use, so that sound financial planning will be heavily dependent on the current volume of savings.

With the word of the war devastation has now been eliminated, and the little cloud that symbolized world economic depression can be expected from postwar economic conditions.

All this does not mean that a serious economic adjustment is in the making, but it does mean that the longer-range plans and policies of business and government must be geared in the "interim period".

What has happened to the growth rate of the building industry, and the closely related market for resilient floors?

The American public is now paying a smaller portion of its income for homes and home furnishings than it did before the war and perhaps even five years ago. While there may have been a long-term upward trend in building and resilient flooring, the growth rates are now substantial—especially in the past year—of other home and consumer markets.

Why Building Lags

Three reasons stand out to explain why the resilient flooring growth has lagged behind the general business market in 1957:

1. The existence of several roadblocks to building expansion: (a) a general lack of money to finance new residential construction; (b) an attempt to recognize the market and improve housing and consumer services; and (c) some lack of knowledge about fundamental factors in building.

2. Among the roadblocks to building expansion, shortages of materials are not only frustrating to prospective home buyers but present a serious problem to builders of new homes.

3. But labor shortages, particularly among skilled craftsmen, including the flooring industry, have been plaguing the building industry for many years, and are unlikely to ease up.

Well, if the interim period is a "lag" period as a whole, the next question logically is—what are the principal characteristics of the "interim period."

"Interim Period" Characteristics

We have only to look around to find "interim period" symptoms in the flooring industry.出生s have virtually disappeared and surplus capacity in the housing market has been greatly reduced by increasing attention and concern.

In my judgment, economic forces will cause the "interim period" to persist to a minimum of two years and it may continue for as long as five. This timing, of course, may be altered by international developments or abrupt changes in domestic political policies. Those making plans for the resuming housing, however, should not count on any new boom in general business until at least 1960.

If, as the study of "Interim Period" 1957 indicated, the short-term "lagging" of the housing market is not likely to be more than a temporary " Interim Period" event, then the industry must be able to adjust itself to this situation.

Business leadership is re-doubling efforts to produce more efficiently and primary emphasis must be placed on finding the "Interim Period" markets to serve rather than in "lag" areas.

The record shows that conventional lenders financed the same number of mortgages in 1957 as in 1956, and the supply of new mortgages was almost equally available to FHA and Fannie Mae. Borrowing credit is available in 1957. This condition will continue to be easy, even with the general money market, a definite in the credit demands of others, more competitive financing rates, and increased mortgage "lag".

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Industrial miracle: 7⅞-cent steel

Most men and women would have no earthly use for an ingot of carbon or alloy steel. So you may not have the remotest idea of what steel costs.

Actually, for all of these steels that it ships, United States Steel gets an average of 7⅞ cents a pound. Less than a dime still buys a commodity whose manufacture requires billions of dollars’ worth of equipment, the skills of hundreds of thousands of men and mountains of raw materials gathered from many parts of the world.

Since steel in some form touches your life every day, we think you’ll be interested in what U. S. Steel is doing to keep steel the cheapest of all common metals.

TO HOLD COSTS and prices at the lowest possible level through increased operating efficiency, U. S. Steel is continually improving its facilities. In the face of mounting costs of new equipment and inadequate depreciation allowances, we have spent three and one-half billion dollars since 1945 on improvement of facilities. Modernization programs in the Chicago and Pittsburgh districts and in the West will soon increase steel-making capacity by more than two million ingot tons.

TO MAKE STEEL cheaper to use, U. S. Steel supplies it in hundreds of convenient forms, to thousands of individual plants which process, fabricate and assemble steel products for sale. However, even in a product that is mostly steel, the cost of the steel is one of the smallest factors. An unusual order for steel was this plate mill roll, the world’s largest, forged and machined at Homestead Works.

IN LABORATORIES at U. S. Steel’s new research center at Monroeville, Pa., we are making today’s steel a better value. There, too, we are developing steel to withstand heat from atmospheric friction as no other metal can, for super sonic flight of the future. A long-range program is aimed at developing a metal price as strong as any now existing. Here, research men are shown studying creep rupture in the development of new steel alloys required for other high-temperature service.

THE NEED for low-cost steel will grow. It is anticipated that by 1975 there will be ten million more families than there are today. Studies indicate the nation will then require 50 million additional tons of steel capacity, and U. S. Steel expects to provide its share. Looking far ahead, U. S. Steel is developing new sources of raw materials to supplement old ones. Above: ore-heap unloaders at East Coast mill.

Watch THE UNITED STATES STEEL HOUR on television. See your local newspaper for time and station.

UNITED STATES STEEL
Life Insurance Investments in Real Estate Mortgages

By DR. JAMES J. O'LEARY
Director of Investment Research
Life Insurance Company of North America

Brighter forthcoming prospects for a somewhat larger flow of life insurance company funds into real estate mortgages due to expected business and industry capital spending decline is pictured by Dr. O'Leary who does not contemplate any material easing in the relatively high level of existing overall historically low ratio of mortgages to life insurance assets, despite steady total growth which has offset drops in VA and FHA mortgages in past eighteen months, the insurance economics of a higher mortgage ratio. Countering the minus signs in the business picture, the author is confident residential construction and consumer spending will help overcome the slack, and

A brief review of the record of life insurance company investments in real estate mortgages in the past decade will find these figures rather startling.

In order to appraise the prospects for life insurance company investment in real estate mortgages over the current year and the prospects for the mortgage market in general, a review of the record of this investment is indicated. It is significant that in the past year the month-to-month percentage changes in such investments have amounted in the main to only a few tenths of a percentage point in either direction. Thus, if trends in the money market have not had any great bearing on the investment of life insurance companies in real estate mortgages, it is evident that the past year has been a period of stability and even some weakening of the market, as indicated by a slight rise in interest rates.

The record of life insurance company investments in real estate mortgages over the past year is generally favorable. In 1957 the entire market was characterized by a low level of activity, with a slight improvement in the spring and summer. The trend of the market was generally upward, with interest rates rising through the year. The market showed a marked improvement in the fourth quarter, with a sharp rise in interest rates.

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**Bache & Company Expects 9% Cut**

_Business Activity_

It is difficult to reach a conclusion as to where business and the market might be at any time during 1958, according to a year-end analysis by Bache & Co. Politically, the nation is faced with an international dilemma which does not seem to lend itself to solution other than through the joint effort of building up strong allies—strong economically and militarily—in order to be able to withstand Soviet aggression. If the approach to the solution of this problem should take a different direction, the declining business curve, which has now been apparent since the early part of this year, could easily take on a much more precipitous aspect.

At the moment, the scales are weighted heavily in the direction of even increased armaments and increased aid to our foreign allies, Bache & Co. said. This will mean more spending, larger Federal Budgets and, in all likelihood, deficit financing.

Weighing all of these factors leads to the conclusion that from the levels of October-November a decline of about 7-9% in business activity is a reasonable expectation, the firm said. Such a decline will have widely diverse effects on the earnings of different groups of industries and different companies within those groups. A study of the stock market will more than ever require a study of individual components in the economy. On balance, Bache & Co. believes that earnings will decline more than dividends. This follows because it has been the practice of many companies to pay out only a reasonable percentage of their earnings, thus building up the kind of balance sheets that will permit continuation of favorable dividend disbursements in the face of temporarily declining earnings. In early 1958 when the accent will be on unfavorable operating comparisons, particularly in view of the high level of economic activity in early 1957, price earnings ratios of individual stocks may go below normal historical levels, according to Bache. On an over-all basis, the firm would look for an irregularly lower market early in 1958 with temporary rallies touched off by Congressional and Administrative actions in Washington, to be followed by rising prices later in the year. Fitting this forecast to the Dow Jones Industrial Average, Bache & Co. expects a drop to 363-369 followed by a rally to around the 475-475 level for the year-end. The present state of flux of the entire world makes it imperative to examine all events and developments throughout 1958 as they unfold, determining investment policy.

**Bache Adds to Staff**

(Reported in THE FINANCIAL CHRONICLE)

CHICAGO, III.—Jack M. Tubey has become connected with Bache & Co., 140 South Dearborn Street.

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**New telephone system permits growing businesses to "let out" their telephone facilities without having to get a whole new "suit of clothes"**

The Bell System brings out another improvement in modern telephone service...a simple and flexible dial telephone system that grows as the business grows.

In these days when so much business is done by telephone, many companies find themselves faced with overloaded communications systems.

To meet this situation, the Bell System has developed a "packaged" or dial telephone system that takes up little space and is quickly and easily installed.

The new equipment, known as the 756A Modular Dial Telephone System, is so compact that it can be located in general office space. At today's rentals, this compactness represents a real saving. Equipment cabinets are soundproofed.

The dial switching unit is easily installed by the rec of plugs, much the same as a washing machine is plugged into an electrical outlet. Businesses that have this new system and grow to more than 40 office telephones can expand in phases to as many as 60 telephones by a simple change in existing equipment.

One of our biggest jobs is helping businesses to grow. This is another example of our lively interest in matching telephone service to our customers' always expanding needs.

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**Working together to bring people together...BELL TELEPHONE SYSTEM**

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**Modular Pushbutton Key Console provides simplified operation, saves time, speeds service, and occupies little space. All calls disconnect automatically.**
Britain's Prospects in 1958

By PAUL EINZIG

A preview of probable British economic developments is sketched by distinguished economist-writer, Dr. Eiznig is eminently qualified to expound on the "Trade and Industry" problems,哪双胆会有任何防亚趋势 to warrant employment of "reflationary deficit financing," expects marked recovery in Gilt-edged markets and when in the light of current developments, doesn't think, through not fearing a major slump on the Stock Exchange—sees a far from satisfactory outlook for equities.

LONDON, Eng.—At the turn of the year Britain's economic prospects appear rather more favorable than could reasonably be expected. The chance of a crisis through inability of "unreasonable" rates of interest to "lock in" the prices of imported raw materials provides an opportunity for checked inflation and withstanding the "pangs of reflation." The crisis of capital has been overcome. There is s'pensive leadership, a strong possibility of moderating wages, an end of the "unreasonable" rates of interest, and an improvement in the economic climate are the major items in the first quarter of 1958. But there are other factors which combine to ensure a favorable outlook for the British economy in 1958.

Paul Einziger

Prospets for Increased Use Of Consumer Credit Abroad

By DR. SIDNEY E. ROLFE


American consumer credit review, reviewing the six-volume study of the Federal Reserve Board on consumer credit, predicts Europe will experience an expansion of consumer credit as it has in the U. S. from 1920-1955. Underscores the Study's finding of the indispensability of mass of financing as a concomitant of mass production and distribution; as well as the role of consumer credit as a factor in the free economy of the U. S. Agrees that general rather than specific credit controls serve best to ensure economic freedom and growth. Rebuttal that the export needs of other countries require the use of credit controls.

The "Consumption Revolution"

When the history of this era is written, it may well be known as "the consumption revolution," perhaps even overshadowing in importance the atomic age. Even Eastern Europe cannot escape the demands of its people for more consumption. As consumption rises in the West, these desires are becoming manifest in the East, with far reaching consequences which I need not spell out. The coming development of a common market for coal, rubber, and a host of other products will further enhance the consumption of the whole region. The free market, genuine mass production, and lowered unemployment are possible in the West. This development will add fuel to the present crisis in the East.

But the consumer revolution has only just begun. We are at the very outset of a more encompassing revolution of rising expectations, the fulfillment of which will bring mass consumption to many countries in a single step: with that going rises investment. Added to the demands for new industries, and the needs of a new environment, there is a strain which will combine to ensure a substantial rise in the U. S. and throughout the Western world. Inflation, not inflation in the vicious sense you saw it in the 1920's, but a steady increase in prices.

Every country is faced with the problem of this credit expansion and every country will deal with it in its own way. But there is one aspect about which I think I can be perfectly sure. It is an aspect which I believe affects us all, and the British are just as much affected as the Americans.

This period is of rapidly rising consumption, perhaps the most important in the world's history. There is everywhere a desire to solve the problem of under-consumption by means of credit, without thinking of alternatives, by cracking down on price controls or other devices which run against the grain. The economies exist in most countries a deep emotional prejudice against consumption, especially some one else's consumption. This emotional reaction leads rational men to come against conclusions, which are logical and clear, and to be blinded in their analyses of the present, and their historical emotions. I do not pretend to explain this emotional prejudice so as to be able to work by means of price controls or other devices which run against the grain. The evidence is that the world has survived in all countries, and that the existence of depressions and expansion of credit is characteristic of the 18th century. It is characteristic of the "consumption revolution."
The market’s traditional year-end rally—one of the most reliable trends—was a rather complete fizzle as 1957 ground to a close, one of the heaviest recent indifferences being keeping the list subdued.

Only half a dozen times in the last 16 years has a year-end selloff been accompanied by the selling letting up toward the end enough so that a rally could take over and give it a brighter final aspect.

It wasn’t hard to find reasons for the missing rally this year. Throughout December the list was roughly handled from a news points of view—auto lay-offs, strikes and slowdowns, loading dips, trimmed earnings and rising unemployment streaming along steadily.

Then, too, the market analysts had been raking the clouds for the most that the low for the move hadn’t yet been seen. And against this back-ground there was hardly any point in trying to participate in a brief, final trading flurry at the end of the year.

Whereas 1956 was a stand-off year, the industrial average managing a modest and not entirely conclusive advance, last year was a definite down year and the first since 1953 in which it was also a bit ragged. At that time some tightening of the money market had also preceded the market, and since then the rails were loosened in mid-year, the market snapped back rather rapidly.

The Money Rate Question
By contrast, the reins were held tight in 1957 and there wasn’t sufficient time to answer the question in 1957 whether easier money will turn the trick as rapidly this time.

At the beginning of 1957 the general belief was that business would thrive for the first half while the second half was either a question mark or a time of lower production, depending on how optimistic the specific student was. It proved remarkably accurate.

Currently there is a high class of unanimity that the first half of 1958 will be a period of lagging business but that the second half should see a good upsurge and that the stock market will have to take its cue from business generally.

Better Feeling About Defense Issues
There was a much better feeling in the defense procurement field, increased government spending or less assured for next year and they, in a degree, are being counted on to hearten the general economy. The thought is also high rated, an upsurge in home starts seemingly in the works.

Electronic firms were highly regarded, in part because of their participation in missile production, utilities are back in favor both for their traditionally defensive nature and because the tight money conditions had depressed some to above-average values.

Some of the yields appear as high as 60%, as in Union Carbide Corp., while others have been trimmed back two-fifths from their earlier, more optimistic peaks, as with El Paso Natural Gas.

Consumer Goods, the Strong Spot
Investment thinking was still partial to the consumer goods lines, as against a definite shift this year toward the capital goods issues. So far consumer spending has held high despite the workweek trimmings, layoffs and mounting talk of a recession. Toward the end of last year there was a bit more stress on savings by consumers but no indications whatever of any drastic curtailment in their spending.

A thoroughly depressed item in the consumer goods section is United Fruit which, in recent years, had been put up with an uncommon lot of troubles, including an extraordinary series of storm issues. But its fundamentals are still strong, and there is nothing that comes close to the $5.50 book value.

(Please see this expression in the Chronicle, as it has no place at any time coincide with those of a Chronicle. They are presented as those of the author only.)

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It wasn’t hard to find reasons for the missing rally this year. Throughout December the list was roughly handled from a news points of view—auto lay-offs, strikes and slowdowns, loading dips, trimmed earnings and rising unemployment streaming along steadily.

Then, too, the market analysts had been raking the clouds for the most that the low for the move hadn’t yet been seen. And against this back-ground there was hardly any point in trying to participate in a brief, final trading flurry at the end of the year.

Whereas 1956 was a stand-off year, the industrial average managing a modest and not entirely conclusive advance, last year was a definite down year and the first since 1953 in which it was also a bit ragged. At that time some tightening of the money market had also preceded the market, and since then the rails were loosened in mid-year, the market snapped back rather rapidly.

The Money Rate Question
By contrast, the reins were held tight in 1957 and there wasn’t sufficient time to answer the question in 1957 whether easier money will turn the trick as rapidly this time.

At the beginning of 1957 the general belief was that business would thrive for the first half while the second half was either a question mark or a time of lower production, depending on how optimistic the specific student was. It proved remarkably accurate.

Currently there is a high class of unanimity that the first half of 1958 will be a period of lagging business but that the second half should see a good upsurge and that the stock market will have to take its cue from business generally.

Better Feeling About Defense Issues
There was a much better feeling in the defense procurement field, increased government spending or less assured for next year and they, in a degree, are being counted on to hearten the general economy. The thought is also high rated, an upsurge in home starts seemingly in the works.

Electronic firms were highly regarded, in part because of their participation in missile production, utilities are back in favor both for their traditionally defensive nature and because the tight money conditions had depressed some to above-average values.

Some of the yields appear as high as 60%, as in Union Carbide Corp., while others have been trimmed back two-fifths from their earlier, more optimistic peaks, as with El Paso Natural Gas.

Consumer Goods, the Strong Spot
Investment thinking was still partial to the consumer goods lines, as against a definite shift this year toward the capital goods issues. So far consumer spending has held high despite the workweek trimmings, layoffs and mounting talk of a recession. Toward the end of last year there was a bit more stress on savings by consumers but no indications whatever of any drastic curtailment in their spending.

A thoroughly depressed item in the consumer goods section is United Fruit which, in recent years, had been put up with an uncommon lot of troubles, including an extraordinary series of storm issues. But its fundamentals are still strong, and there is nothing that comes close to the $5.50 book value.

(Please see this expression in the Chronicle, as it has no place at any time coincide with those of a Chronicle. They are presented as those of the author only.)
Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

By this time it will be apparent to all followers of fire-causury insurance, especially some of our younger friends, that 1957 will have been one of the worst years for underwriting that we have experienced for a long time. The year 1956 chalked up bad enough results, but the data on underwriting that has been issued recently makes it evident that 1957 will far be the worst. In fact, one of the arguments advanced for rate increases at the New York State department is that the experience of all of the smaller and less fortified underwriters have been plus funds seriously depleted.

There begin to be a few companies that fourth quarter results of fire lines are showing improvement; and we have several successive months in which they have been in a favorable trend. If this experience continues it could be that we will continue to have a favorable trend for underwriting in the fire-casualty field.

In the insurance business the investment adjunct probably goes even more to the fore than usual in 1957. With consumer sentiment at a record low and the first 1957 years show a steady average performance, will be a decided investment trend. In years of good security-markets, the results of investment activities will take a back seat to underwriting. In 1957, however, it is likely to be otherwise, and the more correct correlation is underwriting results for a year or two from the investment aspect as did underwriting.

What is going on behind the insurance companies get out of the slough they are now is in a change to more realistic, that is, rates that are realistic in the light of the cost to the line companies of doing business. In one respect the carriers have felt out of place to blame for one another's situation, the proper allocation of the extra in the insurance field. In this line insurance has been the grist to a mill which has maintained the rate policy of the companies, and the agents and brokers have become perhaps the most people, and then become the main carrier. To the investor.

The last analysis rate readjustments are the grand total of these of the need for increased rates in many cases payments short fall short of compensating costs, which have been on the rise. Rates are established on the basis of an average figure over three to five years. The recent renewal of the New York State department is about to agree rate increases on auto¬mobile insurance, which decision is taken to the county in part to due to short an exposure.

A number of companies underwriter to work with the company an area in which a change could be expected by the companies themselves is in the practice of writing; long term policies to a discount from the one-year policy rate. This has its inception as a selling point for the agent; but some of the discounts are sizable.

More will be discussed about rates in a later article; but indicators continue to mount that rate increases, particularly in case of the securities to go in the industry news. It must be remembered that the figures reflected immediately after they are made. Policies already in force are not affected by new rates until they lapse and are to be renewed on fire and allied lines are comparably few away from the general rate changes. They may come sooner or later if the carriers should cease doing business at a loss.

A succinct analysis of the 1957 and 1956 figures, a point that the Federal Reserve Bank presents in banking insurance, presents the figures, that the Federal Reserve Board's index of production will be 2%  or lower in 1957.

Morgan Stanley Admits

Morgan Stanley & Co., 2 Wall Street, New York City, members of the New York Stock Exchange, announce that C. Tomlinson will be added to the general part of the firm on Jan. 1, 1957. Mr. Tomlinson graduated from Harvard College in the Class of 1931 and from the Harvard Graduate School of Business Administration. He also did graduate work at the London School of Economics and Political Science. He joined the staff of Morgan Stanley & Co. in 1950.

United Bond & Share Open

DENVER, Colo.—United Bond & Share Co. has been formed with offices in the University Building. Messrs. Robert J. Vallen, Jr., President; C. D. Roberts, Secretary-Treasurer; and Sanford B. Herts, Secretary-Treasurer.

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Bankers Trust Company, New York

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Specialists in Stocks

Sixth Hunter Joins Marines

The tradition of the United States Marine Corps is nothing new to the Hunter family of Savannah. Captured by Captain Robert H. Rymer's Assistant Officer in Charge of Marine Corps Recruiting, Capt. Robert H. Rymer's Assistant Officer in Charge of Marine Corps Recruiting, the young recruit will be on the payroll and person¬ nel list of the Corps by the end of the quarter. The young recruit is a native of Savannah, and has been in the Corps since he was 18 years old. He has been in the Corps since he was 18 years old.

Business Outlook in Coming Year

Cleveland Trust Company's expectation of six important factors in the economic scene reveals Gross National Product in 1958 will be slightly higher than in 1957 but that the Federal Reserve Board's index of production will average 2% or lower in 1957.

ORIANTO ASSOCIATES

Cited for Contribution to Poyznat Trade Fair

Orianto Associates, New York advertising agency, has been awarded a U. S. Department of Commerce citation for its contribution to the international Trade Fair at Poznan, Poland, last summer.

The firm is active in the exposition industry, representing the International Flower Show and the National Sports & Vacation Trade Shows. The firm is the Polish partner in this division and subsidiaries, including the production of the National Sports & Vacation and the Polish National Shows.

Orianto Associates represent Outdoor Marine Corporation, which organized and supervised the fair, and its divisions and subsidiaries, including the production of the National Sports & Vacation Show, Poland, and the Polish National Shows.

The citation, signed by U. S. Secretary of Commerce, Secretary Sinclair Weeks, commended the public relations firm for its successful representation of the Department's Office of International Trade Fair to Warm Publicity.

"The Federal Reserve Board's index of the physical volume of industrial production (quantity of factories and mines) averaged 144 for the first 10 months of 1957. The average for the year 1958 will probably be 2% or 3% above this level.

Based on the data for the first 11 months, steel ingot production this year should be about 110,000 tons. The 1958 total is not likely to go above 130,000 tons.

Expenditures for highway

construction for the year 1957 are estimated at $4,626 million, or 8% above 1956.

Next year should see a decline in highway construction outlays, bringing total U.S. outlays to about $25 billion in 1958, about 5% above 1957.

Corporation profits as a whole will be lower.

Higher rates will average lower in 1957, but bond prices will average higher. The average mortgage rate on manufacturing will still be up in 1958, but percentage increase will be less than in 1957.

Gross National Product for the year 1958 is likely to be slightly higher than in 1957.

With J. K. Matheson

"Consult with the Secretary,public relations industry, New York, N. Y.

HICKORY, N. C. — Herbert D. Matheson has joined the staff of J. K. Matheson, 256 Third Avenue, N. Y.
The First National City Bank of New York has named as its President Charles A. Schlesinger, it was announced by Mr. Boehm, who has held that position since 1930 and will succeed Mr. H. H. Moore, who has been elected Vice-President in the bank.

The appointment of Eugene S. Noyes as Assistant Cashier of the Metropolitan Branch, New York, has been announced by Horace C. Flanagan, Chairman of the Board.

Mr. Northrop joined the manufacturing department in 1931, and was elected Secretary of the General Administrative Board of Manufacturers and Union Company, New York, has been announced by Horace C. Flanagan, Chairman of the Board.

Fred J. Behlers, of the Industrial Loan Division, announced that Mr. Behler, of the Bankers, the Operations Division, was named Vice-President of the Bankers Trust Company, New York, Dec. 20, it was announced by William H. Moore, Chairman of the Board.

Simultaneously, Mr. Moore announced that George P. Barnett, Harold S. Corcoran and Lawrence J. Flaherty, all formerly Assistant Treasurers of the Banking Operations Division, were named Assistant Vice-Presidents in 1931. Usually also to the official position on the Board of Directors, of the banks that have branches in the Metropolitan Division of the Bank of New York.

Fred J. Behler, of the Industrial Loan Division, announced that Mr. Behler, of the Bankers, the Operations Division, was named Vice-President of the Bankers Trust Company, New York, Dec. 20, it was announced by William H. Moore, Chairman of the Board.

Mr. Behler, who began his career with the bank in 1943, has also added to the credit division, as an assistant of the New York City office, has been named assistant Director of the New York City office. He was named an officer in 1944 and an assistant Vice-President in 1952.

Mr. Behler began his career with Bankers Trust Company in 1950, having served for 15 years as its Assistant Cashier. He was named Assistant Vice-President in 1944.

The bank also announced that it has been promoted to the New York City branch offices, in both the manufacturing and retail divisions, to the Bankers Trust Company, New York, has been announced by Horace C. Flanagan, Chairman of the Board.

Charles E. Brewer has been elected Assistant Treasurer and Ernst K. Zoller has been named Assistant Secretary of the Chemical Bank, New York, it was announced by William R. Fullerton, Jr., Chairman.

Albert C. Simpson, Jr., Chairman of The Bank of New York, N. Y., announced on Dec. 24, the election of Frank W. Fullerton, Jr., as Assistant Vice-President in the bank.

Appointed as Assistant Treasurers in the Banking Operations Department, were named Assistant Vice-Presidents in the Metropolitan Division of the Bank of New York.

Irving Trust Company, New York, announced the promotion of John J. Kerr, Jr., Edwin A. Schenck, Jr., and Albert K. Volpe, Jr., to Vice-President. Mr. Kerr and Mr. Volpe have been appointed as Vice-Presidents in the Bankers Trust Company, New York, Dec. 20, it was announced by William H. Moore, Chairman of the Board.

Mr. Kerr, who began his career with the bank in 1943, has also added to the credit division, as an assistant of the New York City office, has been named assistant Director of the New York City office. He was named an officer in 1944 and an assistant Vice-President in 1952.

Mr. Behler began his career with Bankers Trust Company in 1950, having served for 15 years as its Assistant Cashier. He was named Assistant Vice-President in 1944.

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Continued from first page

As We See It

ably would find it difficult to do so even if it had all the facts before it. Somewhat the same is true of the other technical aspects of the two countries. The President is naturally fully informed and is a respected professional student of such matters, and probably can do no better than to accept it as presented.

So much for the strictly military aspects of these subjects. A very considerable interest is in a somewhat similar category, since it is so closely allied to defense matters that the general public is not by any means fully advised as to the facts. I do not mean to imply that the defense situation which go much deeper, and about them the people of this country would do well to do some very careful thinking on their own. These proceedings not only to our moral and material resources as are at our command for self-defense, but our future economic welfare.

Realism Not Likely

There is, unfortunately, no good reason to expect the President to take a realistic or even the broadest view of the facts. To have much that is really constructive to suggest. He and his principal advisers are far too much under the influence of the unsound ideas that are responsible for the depression. None of the significant actions of influence in Washington were to decide the people what they ought to hear, some very harsh facts would have to be revealed, and these have been.

The matter is that we have been living in a sort of fool's paradise for a very considerable number of years. Even if it is true as many believe, that the day has not yet arrived, and that we shall be disappointed from a putative Eden, it may be for granted that our economic sins will sooner or later find us out.

The boosted accomplishments, real or imaginary, of this era of boom economics should not be made to swell the rank and file to sleep. True enough, wages paid to labor even when measured in terms of purchasing power are higher than ever before: Corporate profits and dividends paid are still high measured by almost any standard. The volume of total output of goods and services has been in an upward trend for a good while past, and is today at a very high level. Is this true whether measured in depreciated dollars or in actual physical quantities. More people have better houses, more cars—and more gadgets—than ever before.

But let it not be forgotten that similar boomings and similar achievements—were to be heard and found on all sides toward the end of the mad years of the late Twenties, when the long run was in mind. There were half-humorous comments from leading politicians about two chickens in every pot and two cars in every garage. To all too many it seemed that a new day of peace had dawned and that the sun would never set upon us. Yet looking back on that period it seems strange that more men of thought and leading did not perceive the price that had been paid for what had been accomplished and the weak foundations upon which the superstructure rested. It took the 1929 collapse and the dreadful depression of the years that followed to convince us that we had been living in a fool's paradise.

Last We Forget

When we begin to think seriously about our "accomplishments" during the postwar years, let us not forget for a moment that our national debt is now well over $225 billion net, or 13 times what it was at the end of 1929. Nor must we forget that the national debt has been increased by $100 billion since March, Most, but not all of this, of course, war generated, but it is resting on our shoulders just the same. What is more, this astronomical figure does not show even half of the obligations the government has incurred over the past years to come. Social Security, so-called, of itself probably will lay burdens on us even greater than is shown in the national debt. If all the other future commitments in the forms of "insurance" and guarantees were to be added, no one can say what the total would be.

Nor is our public debt confined merely to the National Government. Our states and municipalities have added to their debt load by some 225% since 1929, and now shall have to meet the charges, to say nothing of the principal, on some $1 billion in the years to come. And the people as individuals have been no less reckless in their debt engagements. Home mortgage debt at the end of September, 1937, stood at $101 billion, more than five times what it was a year ago. Consumer debt, now stands well above $43 billion, a figure never dreamed of, say, even a decade ago. And if we take the whole week of the yearend part of all these increases in debt have been monetized through commercial bank purchase.

Labor is demanding and getting much greater pay for not much more, and it is here that the effect of the increased tax on current production has been limited by enormous expenditures in labor saving devices and technological improvements, but this has entailed enormous investments which will prove harmful if they come for an "agonizing reappraisal" of many things.

A Golden Opportunity

in Government Bonds

The effect of these developments has been a sharp rise in government bond prices during recent weeks. The "two-by-fours" and "four-by-fours" which are now (Dec. 3) quoted at 22/32 and 31/32 respectively, against 38/32 on Oct. 17, 1937, and 99/32 and 81/32, respectively, on Aug. 15, 1962. Yields have been sharply reduced in all sectors of the economy for reasons that are similar in both cases. The issue of bills sold at an, average of 101 on Oct. 17, 1937, now yields of 3.60% on Oct. 17, 1937. For some little time I have been advocating the purchase of bond maturities in order to freeze the existing attractive rates over a period of years, and those who have done this are in a position to say, more or less, that their position at present is, what should be done that the yield, for the time being, is appreciably higher, that any, i.e., 24/32.

Definite predictions are always dangerous, but I am of the opinion that the present is, what should be done that the yield, for the time being, is appreciably higher, that any, i.e., 24/32.

With J. C. Flax Co.

Address to the Federal Reserve Bank of St. Louis, Charles A. Meehan has become associated with J. Clayton Flax & Co., 1 Main Street. He was formerly with Edward E. Mathews Co.
Trends in Interest Rates

were supplied with a great deal more money than was available as a result of the new hope or idea of using. By the end of 1933, "free reserves" (as we call them now) had increased from $8 billion. They reached nearly $25 billion during the first half of 1934, but after that the surplus was checked substantially from 1933 until December, 1941. But it is too simple a picture to say that the supply of bank credit was an element in the greater ease in business. It was off, and even a Federal deficit that seemed large at the time could not offset the demand for money in a war time.

Perhaps the truly surprising thing, at least from our present vantage point, is that long-term rates did not stand up as high as they did during the '30s. Yields on short-term paper actually fell, and it disappeared. Day-to-day money was nonexistent. Even those who were more ready to put their money to work during the five-year term or somewhat longer became more convinced in four or five years that it would beecsirable for investment out of business. But the favor was such that the steady decline, not collapse. Yields on long-term Treasury issues, for example, fell from 6.25% in 1929 to 4.1% in 1933, and from 3.75% in 1933 to 2.5% in 1936. This was true for bonds due in 1936 or 1937 and for 1942 and 1943 issues.

In 1933, investors had a limited opportunity to invest in long-term securities, and the result was a fall in yields. This was particularly true of the Treasury Bond market. The yield on 30-year bonds was 4.18% on July 1, 1933, the same as the yield on 10-year bonds.

The long-term rate declined further in 1933. In the early part of 1933, yields on Treasury bills declined from over 5% to under 2%. Yields on five-year Treasury securities dropped from about 3% to under 1%, and on 30-year high-grade corporate bonds from about 4% to under 1%, but that change put Victory bonds up 10 points to par.

The war period is a great deal closer in some quarters recently to say that the results of the 1940-45 effort were too much in their response to the 1953-54 business downturn. This is not to say that long-term rates in the year or two after the war never fell significantly. In the first time period to rise in the July. The Reserve Bank, which also had a rate of 2%, reduced its yield on 30-year Treasury bonds from 2.75% to 2.50% during the period from mid-1933 through 1935, and that is, there was a great deal of money available for debt repayment, and the Federal Reserve Board, in turn, provided it under the Emergency Federal Credit Act. However, these yields were maintained after mid-year, by a sharp slackening in new loan demand and credit in the business community.

Since the return in 1951 to a period of normal business, we have had only one major adjustment in the long-end of the yield curve. In 1951 and 1952, the 30-year Treasury bonds were selling at slightly over 3% and the 6-month Treasury bill at over 3.5%. The 10-year bond was selling at slightly over 3%, and the 2-year bond at 3%. The 10-year bond was selling at slightly over 3%, and the 2-year bond at 3%.

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the amount of money it could create—perhaps, in fact, limit- 
es. In a free society, this situation creates a dilemma—especially for the politicians who have the power to raise money, lower prices, raise profits, lower taxes, raise wages, and generate more private credit. Any attempt to cope with these dilemmas is complicated by the fact that the Federal Reserve, through its use of discount loans, credit policies, and open market operations, is one of the key instruments that affect the overall level of economic activity. It is also the case that the Federal Reserve is not an independent body, but rather is subject to political influences.

Federal Reserve During the past two years, the country has experienced a serious inflation of approximately 5%, which means that the purchasing power of the dollar has been reduced by that amount. This trend, if al-

The Federal Reserve, in an ef-
tory, has some justification in its actions. It is correct to argue that the money supply is a critical factor in the economy, and that its growth rates must be controlled in order to prevent inflation. However, the Federal Reserve's actions have been controversial, and there is a debate about whether its policies have been effective in controlling inflation and promoting economic growth.

The Federal Reserve has been criticized for its actions, and there is a debate about whether its policies have been effective in controlling inflation and promoting economic growth. Some argue that the Federal Reserve has been too aggressive in its efforts to combat inflation, while others believe that it has been too lenient. There is also a debate about whether the Federal Reserve should be subject to more oversight and accountability.

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Public Utility Securities

By OWEN ELY

Duquesne Light Company

Duquesne "Light," formerly an important part of the Marquette Gas & Electric System, in May 1955 was acquired by the Pittsburgh Public Service Co. The acquisition restructured their holdings to related operations.

The company supplies electricity to a population of nearly 600,000 in southwest Pennsylvania, including the city of Pittsburgh with its population of 677,000. The district comprises a highly industrialized area, where power is used for iron and steel, and coke and coal.

The area is largely used for heating, and the peak load is generally for residential use only. This indicates that the peak load is generally for residential use only. The company has been served by a new unit recently completed in 1955.

While residential usage is in the area below the U.S. average, this is largely due to the large amount of water and heating for electrical needs. Thus far there is some doubt that there will be an increase in electrical usage.

At the end of the 1956 company's reporting period, the company reported an increase in earnings. The earnings were substantial, but may have some on 'shipping'. The company reported some minimal profit acquisition adjustments despite adverse ruling on the issue of depreciation, as the amounts to only four cents a year and were written off by 1961. The earnings were not substantial.

Earnings for the calendar year were $2.24 versus $2.44 in 1955. For 1956 there were $2.24 versus $2.36 in 1957. The company is not currently in a position of leadership, but may have some on 'shipping'. The company reported some minimal profit acquisition adjustments despite adverse ruling on the issue of depreciation, as the amounts to only four cents a year and were written off by 1961. The earnings were not substantial.

J. A. Birch Co. Formed

John A. Birch Company, Inc., 135 Broadway, New York City, to engage in securities business. Officers are John A. Birch, president; Alexander Brown, treasurer; and Mrs. L. Schuster, secretary. Mr. Birch and Mr. Brown have long been associated with Craddock Securities, Ltd. Miss Schuster was with J. R. Willson, Ltd.

Form London Trading

London Trading Co. is organizing in a securities business out of London. Partners are Gregory Boyle and Judson S. Blakeley. Both were formerly with Pilgrim Securities Inc.

Wertheim & Co. Will Admit Robert Bach

Wertheim & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on Jan. 9 will admit Robert Bach to partnership.

Irvind Lundborg to Admit New Partner

SAN FRANCISCO, Calif.—John J. Gardner, Jr., will become a partner in the San Francisco office of Irvind Lundborg Co., 310 Sansome Street, members of the New York and Pacific Stock Exchanges.

Form Capital Securities

WASHINGTON, D.C.—Capital Securities Co. has organized with offices at 1531 Connecticut Avenue, N.W., to engage in securities business. Raymond L. Roy and Philip G. Lockhart are partners.
Federal Reserve Bank of St. Louis
Digitized for FRASER

**Business and Economic Outlook for the Year 1958**

About one-third expected better than the second half of 1958. This figure rose to about 50% for the second half of 1958. However, expected decreases in labor costs are expected to continue, and this should result in lower prices. The general economic situation is expected to be favorable for the year 1958, although a few uncertainties remain.

**Agriculture and Forestry**

Production of agricultural products is expected to be lower in the first half of 1958 than in the second half. However, the amount of produce available for export is expected to increase in the second half. The production of raw materials, particularly agricultural products and mineral fuels, is expected to be lower in the first half than in the second half. The net effect is expected to be a decrease in the overall economic activity in the first half of 1958.

**Manufacturing**

The manufacturing sector is expected to experience a decrease in production in the first half of 1958. However, the manufacturing sector is expected to experience an increase in production in the second half of 1958. The overall economic activity in the manufacturing sector is expected to be lower in the first half than in the second half.

**Business and Economic Outlook for the Year 1958**

The overall economic activity in the United States is expected to be lower in the first half of 1958 than in the second half. However, the overall economic activity is expected to increase in the second half. The overall economic activity is expected to be lower in the first half than in the second half. However, the overall economic activity is expected to increase in the second half.

**Unemployment**

Unemployment is expected to remain low in the first half of 1958, but to increase in the second half. The overall economic activity is expected to remain low in the first half, but to increase in the second half. The overall economic activity is expected to remain low in the first half, but to increase in the second half.

**Government**

The government is expected to increase its spending in the first half of 1958, but to decrease its spending in the second half. The overall economic activity is expected to remain low in the first half, but to increase in the second half. The overall economic activity is expected to remain low in the first half, but to increase in the second half.
Railroad Securities

Atlantic Coast Line Railroad

Earnings of Atlantic Coast Line Railroad, like most of the Southern carriers, have been better than the average of the country. This was true for the first 11 months of the year. However, in December, rail traffic began to decline, and the earnings were not as great as in the first 11 months. The University of Minnesota has projected that the railroad will earn $33,125,000 in 1956 and $32,450,000 or 4.9% in the comparable December period of 1955. For the month of November, net aggregated $790,000 against $533,000 in the 1955 period and $1,019,000 in 1956. Other income of the Coast Line includes a large in its earnings picture. It owns 35% of the Louisiana & Nashville Railroad, which has shown a profit of over $200,000 for the first 11 months of the year. Both of these companies have a long history of record earnings and dividends. For the first 11 months of the year, “income” for the Louisiana & Nashville was reported as $58,077,000, almost all netting railway operating income. In the 1956 period, other income was $38,819,000 and in the 1955 period, it was $7,824,000.

Coast Line continues in a comparable salaried position. On Oct. 31, 1957, total cash of 113,247,145, temporary cash investments were $6,016,912 and special deposits, $1,221,014. This compares with cash of $10,165,226, temporary investments $3,909,695, and special deposits $489,758, at the end of October, 1956. For purchases of fixed assets (less current liabilities) at the end of the 11 months amounted to $25,109,246 against $26,447,879 at the end of the 11 months of 1956.

Coast Line is a monopoly in the territory in which it operates. The company reported a net income of $5,232,000 for the year ending Dec. 31, 1956, and $5,232,000 in the previous year. The net income consists of the normal earnings of its operating subsidiaries, including the Louisiana & Nashville Railroad.

There seems to be a little more caution in the part of buyers than in the past. For example, the purchase of stock and production items, MUOS, and equipment, for example, is being reported on a shorter-term basis. A company is willing to extend or spend to do so many things in the required lead time on certain purchases.

Specific Commodity Changes

Although relatively few items are reported down in list price, a number of commodities can produce price advantages. One such area is Corrugated paper, common raw materials, equipment and borax. One of the best buys is Copper, lead, steel, scrap, tin, crude rubber and gasoline.

In short supply: Nothing.

Atkinson Co. Adds

Special to The Commercial & Financial Chronicle

PORTLAND, Ore.—Leo D. Johnson has been added to the staff of Atkinson & Company, L. S. National Bank Building.

With Foster & Marshall

San Francisco

PORTLAND, Ore.—Col. S. Hudson is now with Foster & Marshall, 305 U.S. National Bank Building.

Dean Witter

San Francisco

FRESNO, Calif.—Gary E. Mar- sella has been added to the staff of Dean Witter & Co., Cotton Building.

E. F. Hutton Adds

San Francisco, Calif.—Harold L. O'Hara has joined the staff of E. F. Hutton & Company, 160 Montgomery Street.

Joins Peters, Writer

Denver, Colo.—Channing F. Swain has joined the staff of Peters, Writer & Christensen, Inc., 1240 Grant Street.

With Harry W. Peters

Chicago

GRAND HAVEN, Mich.—Frank J. Woodruff is with Harry W. Peters, 411 Main Street.

With Illinois Mid Continent

Special to The Commercial & Financial Chronicle

CHICAGO, III.—Lee Crouse is now with the Illinois Mid Continent Investment Co., 676 St. Clair Avenue.

In this week’s column deals with a sales story that has been a good idea for the investment salesmen. It was told to me by a friend of mine a few weeks ago who works for the municipal bond business and who is both a sales manager and a sales executive. He pays off when you know your business, and if you know the business of the investment business as well as I do. He then went on to explain that if you knew the business, you could determine values to a closer degree than the bank does. Bank, insurance companies, trust officers, and professional investors are quick to notice whether or not a seller has the facts and knows his subject. If he is a top bond ex- pert, he is generally secret, and he is welcomed—often his business is to secret his knowledge of values and the buyer relies upon his counsel and judgment.

So Good Rules to Follow

Know your business so that people will respect you and have confidence in your recommendations.

Be conscientious and take your time. Many a bond client or investor has never been so pleased with a good job well done.

The other day when I was in a bond house with a friend of mine, and we were discussing the list of bonds that he had selected. He had them typed out and placed on a table. We then went through the list of bonds and purchased, name of issue, amount purchased, call date, coupon, annual return in dollars. He then did the total amount paid and also the annual return in dollars. It looked very impressive, but we went through the list and found out that he had missed a number of bonds. We then tabulated his list and set a letter to the clients, who are interested in selling bonds, that he thought it was one of the best bond lists of bonds that he had seen in many a day and he also remarked that he wished to congratulate the investor for his

Securities Salesman's Corner

By JOHN DUTTON

"It Never Does Any Harm to Tell Another Man He's Good."

This week’s column deals with a sales story that has been a good idea for the investment salesman. It was told to me by a friend of mine a few weeks ago who works for the municipal bond business and who is both a sales manager and a sales executive. He pays off when you know your business, and if you know the business of the investment business as well as I do. He then went on to explain that if you knew the business, you could determine values to a closer degree than the bank does. Bank, insurance companies, trust officers, and professional investors are quick to notice whether or not a seller has the facts and knows his subject. If he is a top bond expert, he is generally secret, and he is welcomed—often his business is to secret his knowledge of values and the buyer relies upon his counsel and judgment.

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Now better invest more in Defend Bonds.
Coast Exchange Member
SAN FRANCISCO, Calif.—William H. Agnew, Chairman of the Board of Pacific Coast Stock Exchange has announced the election of H. Theodore Freeland to membership in the San Francisco Division of Pacific Coast Stock Exchange, effective Jan. 1, 1956. Mr. Freeland is an officer and voting stockholder of the corporate member firm of American Securities Corporation of New York City.

**Lob, Rhodes to Admit**
John L. Lob, Jr. on Jan. 1 will be admitted to limited partnership in Carl L. Lob, Rhodes & Co., 42 Wall Street, New York City, members of the New York Stock Exchange.

**Continued from page 26**

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**The State of Trade and Industry**

12 cents an hour and over and above the base wage boosts and improvements agreed to in previous contracts with the United States decreased.

While the total increase in the United States in 1955 was 399,000,000 tons of steel for ingots and castings, it is the third best year for the industry. The record production for this year was 1956, with 115,000,000 tons.

Of course, the market for steel remains about as strong or greater than it was a year ago. The rate at Birmingham, 72.5% of capacity, was 1.5 points over that of 59.0% of capacity, 1,566,640 tons a week ago. A slight increase in the industry is needed for this week following the sharp decline during the Christmas week to the lowest point for any non-holiday period since June.

The industry's inoperation rate for the weeks in 1957 is based on the week ending Dec. 21, 1956. For the week, the report stated that the operating rate of total companies, having 96.2% of the steelmaking capacity for the entire industry, will be an average of 90.9% of current production, and its price composite on steelmaking scrap held at $33.17 a gross ton.

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than a year ago, but manufacturing casualties were slightly lower than in the similar week of 1956 and construction casualties were only half as bad as in the same week of 1955.

All of the nine major geographic regions reported declines. Failure to report for New England, Middle Atlantic and South Central States was down to 15% from the usual 19% while manufacturing casualties as a week ago occurred in the Pacific States, down to 12.8 from 13.6. The cotton-belt West North Central, off to 6 from 13. Mixed trends from 1956 plus a 12% increase in manufacturing premiums on shipments exceeded last year's levels whereas declines appeared in five regions.

Wholesale Food Price Index Eased Slightly in Latest Week

The wholesale food price index compiled by Dun & Bradstreet, Inc., fell 0.2%, its sharpest drop the week before. The index for Dec. 24 registered 66.6, 0.3% lower. It experienced with 68.12 on the corresponding date a year ago, or a rise of 14.0%. Higher in wholesale cost the past week were wheat, lard, steers, hogs and eggs. Lower in cost were beans, turnip and corn, meat, barley, butter, cocoa and eggs. The index represents the sum total of the price per pound of 31 raw food items and is compiled weekly. This compilation is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Climbed Slightly in Latest Week

Higher prices on livestock and fruits in most states in grains, flour and butter last week, resulting in a slight rise in the general commodity index. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., stood at 278.84 on Dec. 23, compared with 277.85 a week previously and 300.89 on the correponding date a year ago. Larger than anticipated estimates by the Government on final production of potatoes was to lead to slight decreases in most grain trading and futures prices fell heavily. The Government estimated an average of 7,749,000 bushels, noticeably higher than prior week's reports, resulting in a slight decline in most commodity prices were noticeably lower.

There were moderate drops in corn and futures prices slipped noticeably. Chicago wholesalers reported that the general decline in prices on oats, and soybeans, as buyers' interest waned last week. The following week in wheat prices, flour prices declined slightly through a week earlier which was noticeably lower on futures prices and trading improved during the week. Buyers were waiting and the supply of the Ghana cocoa crop.

Most livestock prices rose slightly above a week earlier. Trading in beef improved, resulting in moderately higher prices, while hogs were not noticeably lower. Grain prices were not noticeably lower occurred on pork prices as purchases expanded expanded exponentially. The buying of hams by retailers at a high level and prices held unchanged. Following the rise in the prices on hogs and vegetable oil, lard futures prices moved forward substantively. Cotton prices were not noticeably lower last week and futures prices did not slow significantly. According to the U.S. States Bureau of the Census, cotton ginnings during the first 12 days of December was estimated at 1,166,000 bales, an increase of 20% for the period. Domestic mills consumed about 626,000 bales of cotton last week. The cotton consumed for the season through that date amounted to about 3,700,000, and the balance of 1,161,000 bales in the similar period a year ago. The New York Cotton Exchange estimated exports of cotton staple in the week ended on Tuesday 60,000 bales as compared with 78,000 bales in the prior week and 236,000 bales in the same period a year ago. Purchases of new passenger cars, major appliances and television sets made 4% higher.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 2% to 6% higher than a year ago, according to the Federal Reserve Board. The Regional estimates varied from the comparable 1956 levels by the following amount: New England States +6 to +10%; New England and South Atlantic States +4 to +10%; New England and South Atlantic States +4 to +6%. The consumer buying of women's fashion accessories offset sluggish trade in cloth coats, suits, and dresses, boosting total sales of women's apparel moderately over those of a year ago. In fact, the Regional estimates varied from the comparable 1956 levels by the following amount: New England States +6 to +10%; New England and South Atlantic States +4 to +10%; New England and South Atlantic States +4 to +6%. The consumer buying of women's fashion accessories offset sluggish trade in cloth coats, suits, and dresses, boosting total sales of women's apparel moderately over those of a year ago. 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Prospects for Increased Use Of Consumer Credit Aboard

questions. The special supplement to this Study in Part I, Volume II, is an effort to consider some of the major points raised and, in addition, discusses the rise of the industry. The study has attempted to present a alternative statutory approach to the regulation of instalment credit regulations desired.

If Part I is the meat, Part II is the bone. It presents the actual analysis for the Federal Reserve Study for it presents a collection of information prepared under the auspices of the Federal Reserve Board and the National Economic Research. These papers are divided broadly into pro- and anti-control arguments.

Part III presents a survey of the incidence of instalment credit, not only among the general public, but also among the income groups and the personal characteristics of the borrowers. Part IV, the sixth volume, printed in June, 1951, presents the results of a study of the sales revenue of the instalment credit industry in auto and home loans in the United States for 1951. This survey will undoubtedly be of interest to all who are interested in the instability of the industry in recent years.

The current level of credit usage in this country is probably the highest it has ever been. It is likely to continue to rise for some time, then to level off. The growth of credit usage for this year is readily evident, and the trend of the future is likely to continue. As the result of the development of the automobile in America life and, as an extension, the instalment credit industry, the growth of credit usage is unbroken.

It is a period in which the method of saving for the average individual has been changed by durable goods charged from unrecorded to recorded instalment payments. It is a period in which the weekly income of the average worker has been increased by the higher wages earned in the automobile plant. It is a period of changed moral values in relation to consumer credit. The instalment credit and its product are now a part of the life cycle of the consumer, and it is probable that this trend will continue.

The Federal Reserve Board has already published an extremely detailed report, which is available in the form of a questionnaire. The report is divided into two main parts: the Federal Reserve Board's examination of the instalment credit industry and the Federal Reserve Board's examination of the instalment credit industry in the United States.

The Federal Reserve Board's examination of the instalment credit industry begins with an analysis of the instalment credit industry in the United States. The study shows that the instalment credit industry is a large and growing industry and that it has been growing rapidly. The study also shows that the instalment credit industry is a very important industry and that it has a very important role to play in the economy of the United States.

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The German Situation

In Germany, as you well know, the problem is somewhat aggravated by the need to buy foreign exchange. On the other hand, it seems obvious that a rapid expansion in labor force from East Germany could be largely, if not fully utilized. Consequently, the problem is not so much the problems of recession in durable goods consumption, which is enormous and perhaps somewhat uncontrolled, as it is one of businesses exploiting the advantage of low costs of capital for the development of new, high-output plants, or for the expansion of existing plants, and for the replacement of old equipment. Many of these new plants have an exceptionally high initial cost, even though the saving on the interest payments is eliminated by new taxes, and the cost of importing capital goods is considerable, and new wages are relatively small. In these circumstances, the prospects for international trade are not so bright as they might be, and the German economy might be able to benefit from the development of new markets for its products. There is no question that this is a difficult problem, and that it will require careful handling, but there are some grounds for optimism. If the government can manage to maintain a stable currency, and if the country can develop a more stable political situation, there is reason to believe that the problem of durable goods consumption will be less severe than it is now.
Securities Now in Registration


writer—To be determined by competitive bidding.


Allstate Corporation, New York Sept. 20 filed 258,000 shares of class A common stock at $10 per share. Proceeds—For working capital. Underwriter—None. Address: Office—200 N. Michigan Ave., Chicago, Ill. Underwriter—None.

American Hotel & Supply Corp. Nov. 29 (letter of notification) 1,300 shares of common stock, price $1. Proceeds—To be received at or before Jan. 19, 1988. Address: Office—300 Valley St., Buffalo, N.Y. Underwriter—None.

American Israel Paper Mills, Ltd. (1/6) Oct. 29 filed 0,000,000 shares of common stock at $10 per share. Proceeds—For working capital. Address: Office—2000 Avenue of the Americas, N.Y. Underwriter—None.

American Mutual Investment Co., Inc. Dec. 16 filed 25,000,000 shares of common stock, par $1, and 2,500,000 shares of preferred stock, par $25. Proceeds—For working capital. Address: Office—200 Devon Tower, Dallas, Texas. Underwriter—None.


Cador Production Co., Far Hills, N. J. Dec. 20 filed 165,500 shares of common stock (no par) to be offered in exchange for outstanding common stock of Cador Oil Co. (par $1) and 10-year mortgage bonds due 1998. Proceeds—To be received at or before Dec. 25, 1988. Address: Office—20 Valley St., Endwell, N.Y. Underwriter—None.


Canadian Pacific Ltd., Calgary, Canada Dec. 16 filed 5,000,000 shares of common stock (par 10%). Proceeds—For working capital. Address: Office—1201 Highland Drive, Silver Spring, Md., is President.

Carlton Stores Inc., Aguirre, Puerto Rico Dec. 16 filed 1,000,000 shares of common stock (par 50 cents) to be offered for subscription by public. Proceeds—For general corporate purposes. Address: Office—100 Park Row, New York, N.Y. Underwriter—None.

Central Mortgage & Investment Corp. Sept. 12 filed $5,000,000 of 20-year mortgage bonds and 50,000 shares of preferred stock. Proceeds—To be offered in units of $100 of bonds and 10 shares of stock. Proceeds—To be used for the purchase of mortgage loans and for mortgage insurance. Address: Office—1301 Peachtree St., N.W., Atlanta. Underwriter—None.

Champion Industries, Inc. Nov. 7 (letter of notification) 75,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—To be used for working capital and for construction purposes. Address: Office—101 Beckman Blvd., St. Louis, Mo. Underwriter—None.


Commercial Oil Refining Corp. Dec. 20 filed 2,700,000 shares of common stock due Sept. 1, 1988, 400,000 shares of preferred stock at $1 per share. Proceeds—To be used in fulfilling the terms of a $40,000,000 mortgage for the purchase of stock and $100 of debentures and nine shares of stock. Proceeds—To be used for working capital, building refinements. Underwriter—Lehman Brothers, New York. Offering—Expected in January.

Commercial Credit Corp., San Francisco Dec. 28 filed (by amendment) 2,000,000 additional shares of common stock (par $1). Price—At market. Proceeds—For investment.


Consolidated Cuban Petroleum Corp. Dec. 17 (letter of notification) 15,000 shares of $1.40 cumulative sinking fund preferred, series A (par $20), with warrants to purchase 15,000 shares of class B common stock (par $1), to be offered in units of one preferred share and one warrant. Proceeds—For working capital. Underwriter—C. J. C. Wheat & Co., New York. Offering—Expected in February.


Cooperative Grange Federation Inc., Sept. 27 filed 360,000,000 of 4% subordinated debentures due Jan. 1, 1988. Proceeds—To purchase additional shares of common stock due Jan. 1, 1983 and 20,000 shares of common stock (par one cent) at or before Jan. 1, 1983. Proceeds—To be used for working capital. Underwriter—None. Proceeds—To be received by stockholders at or before Jan. 1, 1983. Address: Office—600 Main St., Seattle, Wash. Underwriter—None.

Cowan & Company, Ltd., Oct. 28 (letter of notification) 6,000,000 of common stock ($1-Canadian). Price—$0.50 per share. Proceeds—To be received by stockholders at or before Nov. 30, 1988. Address: Office—600 Main St., Seattle, Wash. Underwriter—None.


Dakota Finance, Inc., Mt. Ranier, Md. Nov. 27 filed 600,000 of 7% subordinated 10-year de¬
bentures due Jan. 1, 1986 (with warrants attached). Price—At par (in denominations of $100 each). Pro¬


Doctors' Motels, Inc., Kansas City, Kan. Oct. 25 filed 7,000,000 shares of common stock, of which 4,269,974 shares are to be offered publicly, 39,568 shares are to be offered to exchange for $423,035 outstanding 6% debentures, 3,083 shares are to be issued as a stock divi- dends. Proceeds—For construction and operation of motels and to repay bank loans. Underwriters—Nunn-Groves Co., Little Rock, Ark.


Durfee, D. Underwriter—None.


Ex-Cell-O Corp., Detroit, Mich. Nov. 1 filed 5,340 shares of common stock (par $3) to be offered in exchange for 53,400 outstanding shares of common stock of Chewick Grider Co. of Springfield, Va., at rate of 10 for 1. Shares of Chewick Grider Co. to be sold to offer will become effective upon acceptance by the holders of at least 10% of all common stock of Bryant outstanding. Underwriter—None.

Expanded Shale Products Inc. Nov. 15 filed 150,000 shares of common stock (par $1) and $130,000 of 6% preference stock. Proceeding Dec. 15. Price—$10 stock, $2 per share; of expanded shale products; selling mineral properties with objective of producing expanded shale. Office—729-29 W. Biddle, Denver 2, Colo. Underwriter—Minor, Mee & Co., Albuquerque, N. M.


First International Corp. (Thursday) Aug. 26 (letter of notification) 100,000 shares of common stock (par $1). Price—$3 per share. Proceeds—For capital and working capital purposes. Office—400 W. 38th St., New York. Underwriter—None.

First National Life Insurance Co., Phoenix, Ariz. July 29 filed 100,500 shares of common stock (par $4), of which 90,000 shares are to be offered publicly and 10,500 shares to employees pursuant to stock purchase plans. Proceeds—For general corporate purposes. Underwriter—To be named at a later date.

Florspar Corp. of America Dec. 26 filed 476,000 shares of common stock. Price—$3 per share. Proceeds—To purchase shares of Florspar Corp. of America. Underwriter—Whitmore, Bruce & Co., Washington, D. C.


Ford Home Leases, Inc. (1/6) Nov. 29 (letter of notification) $250,000 of 6% subordinated debentures, 39,568 shares of class A common stock (par $1) to be offered in units of $100 stock for $.01. Proceeds—For expansion and other corporate purposes. Underwriter—None.

Ford Motor Co., Dearborn, Mich. Dec. 17 filed $660,000,000 in the company's Savings and Investment Program for Sal- aried Employees, together with 600,000 shares of common stock issuable under said program.


Fundco, Inc., Reno, Nev. Dec. 23 (letter of notification) $300,000 of 5% certificates of indebtedness, $100,000 of 5% debentures to holders of $100,000 of common stock (par $1) to be offered in units of $100 stock for $.01. Proceeds—For general corporate purposes. Underwriter—None.

General Aniline & Film Corp., New York Jan. 14 filed 988,000 shares of common stock (no par) and 1,537,500 shares of common stock (par $1). Proceeds—To be used by the United States. Underwriter—To be determined by competitive bidding. Probable bidders: Irvine, Co., Inc., and The First Bos- ton Corp., New York. Proceeds—For general corporate purposes. Underwriter—Brother and Glore, Forgan & Co. (jointly). Bids—had been scheduled to be received by Dec. 19, but were extended until Jan. 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.


Continued on page 32
**Iowa Power & Light Co.**

Dec. 23 filed 50,000 shares of cumulative preferred stock (par $100). Price—To be sold by underwriters—Smith, Underwriter—Smith, Barney, New York.

**Iowa Power & Light Co.**


**First Boston Corp.; Equitable Securities Corp.** Bids—To be received on Jan. 22.

**J-V-M Microwave Co., Lyons, Ill. (1-13)**

Nov. 6 filed 150,000 shares of preferred stock (par $1). Price—$15 per share. Proceeds—To be used for general corporate purposes.

**Koeller Air Products, Inc.**

Nov. 3 filed 150,000 shares of common stock (par five shares). Price—$25 per share. Proceeds—To be used for general corporate purposes. Underwriter—Oppenheim, New York.

**Lancaster United Bakers, Inc.**

Nov. 16 filed 150,000 shares of common stock (par $1). Price—$22 per share. Proceeds—to retire notes, call preferred stock and for working capital. Bldg.—Weld & Cadillac, Chicago, Ill. Underwriter—Moody, New York, N. Y.

**McKay, Clark, Parnell, Neenah, Wis. (1-22)**


**Washington Bldg., Dayton, Ohio.**

Nov. 25 filed 100,000 shares of preferred stock (par $1). Price—$31.75 per share. Proceeds—To be used for working capital. Underwriter—Baker, Simmons & Co., Detroit, Mich.

**Hill-Valentine Oil Co., Edgemont, S. D.**


**Hollingsworth, Pa.**

Dec. 20 filed 217,000 shares of common stock (par $2.50) to be offered in exchange for outstanding common shares held by company. Proceeds—For working capital and for general corporate purposes. Underwriter—None.

**Home Owners Life Insurance Co.**

Nov. 25 filed 25,000 shares of class B common stock to be offered to the public for $1.00 per share and 118,300 shares of class B common stock to be offered to stockholders at 96 per cent of the market price as of Dec. 17. Proceeds—For working capital. Underwriter—None.

**Horace Mann Fund, Inc., Springfield, Ill.**

June 27 filed 100,000 shares of capital stock (par $1). Proceeds—To be used for general mortgage bonds. Underwriter—None.

**Ohio & Michigan Electric Co.**


**Indiana & Michigan Electric Co.**


**National Staple & Machine Co.**

Oct. 14 (filed in 1954) 500,000 shares of 6% cumulative preferred stock of which 100,000 shares are to be offered for sale in exchange for 500,000 preferred shares. Proceeds—For working capital and for tendering bonds held as stock of record Oct. 15, 1957 in exchange for seven shares of common stock. Proceeds—To be used for construction and for tendering bonds for exchange. Underwriter—None.


**Moore & Real Corp., New York.**

Dec. 11 filed 20,000 shares of class A common stock and 100,000 shares of common stock. Proceeds—To be used for working capital and for construction purposes. Underwriter—Smith, Barney, New York.

**Muncie Lamp & Kiln Co., Fairview, Ore.**


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


**Nassau Fund, Princeton, N. J.**


**National Biochemicals, Inc.**


**New Jersey Steel Corp., Cleveland, 0.**

Dec. 4 filed $900,000 of 5% 10-year bond debentures, 9,000 shares of 4% non-cumulative preferred stock (par $100). Proceeds—To be offered in units of $9,000 of bonds, 900 shares of preferred stock. Price—$32 per bond, $18 per share. Underwriter—None.

**New Life National Bank, New York.**

Feb. 16 filed 200,000 shares of common stock (par one cent). Price—$1.25 per share. Proceeds—For acquisition of an additional 60,000 shares of non-assessable preferred stock, at par ($100 per share) and for working capital. Price—Of preferred stock, at par ($10 per share). Proceeds—To be used for general corporate purposes. Underwriter—Baker, Simmons & Co., Detroit, Mich.

**Nichols, Inc., Exeter, N. H.**

Nov. 14 filed 25,000 shares of common stock (no par), at $10 per share. Proceeds—For short term bank loans. Business—Bldg. contractors. Underwriter—None.

**North American Finance Co., Phoenix, Ariz.**

Dec. 27 filed 125,000 shares of common stock (par $1). Price—$3 per share. Proceeds—For working capital and for other corporate purposes. Underwriter—None. Shareholders address: through Eugene M. Rosemon, President, and Marcus T. Baumann, Vice-President and Treasurer.

**Nuclear Science & Engineering Corp.**


**Ohio Water Service Co., Struthers, Ohio (1-15)**

Oct. 27 filed $1,000,000 of 4% bonds due Nov. 1, 1958. Proceeds—To be used for working capital. Underwriter—None.

**Ohio & Michigan Electric Co.**


**Old American Life Co., Seattle, Wash.**

July 22 filed 11,625 shares of class A stock (par $10) and 40,000 shares of class B stock (par $1). Proceeds—To be used for working capital and for general corporate purposes. Underwriter—None.

**Pacific Gas & Electric Co.**

Feb. 18 (letter of notification) 3,000,000 shares of common stock (par $1). Price—To be determined. Proceeds—For investment purposes. Underwriter—None.
**Professional Life & Casualty Co., Campagnol, Ill.**
Dec. 16 filed 120,000 shares of common stock.
Price—To increase capital and surplus.
Underwriter—None.

**Public Savings Life Insurance Co.**
Nov. 1, 1957 filed 100,000 shares of preferred stock (par $100) at the rate of 5%. Proceeds—To be used in connection with capital expansion and working capital.
Underwriter—None.

**Pyramid Mining & Metal Corp.**
Oct. 10 filed 200,000 shares of common stock (par $1). Proceeds—For mining expenses.
Underwriter—Sterling Securities Co., Inc., Odesa, Tex.

**Rapamo Uranium Corp. (New York)**
Aug. 15 filed 6,000 shares of common stock (par one cent). Proceeds—For exploration and development purposes.
Underwriter—Dr. H. L. Peters, 15 Park Ave., New York City.

**Relief Coal Corp.**
Oct. 10 filed 200,000 shares of common stock (par $1). Proceeds—To be offered for subscription to holders of record Jan. 17, 1958. Proceeds—To be offered for subscription by holders of record Jan. 17, 1958. To be sold for the benefit of Emery Musgrave,
President—None.

**Research Instrument Corp.**
Oct. 7 (letter of notification) $125,000 of 10-year 7% convertible debentures (par $100). Proceeds—To be used in connection with capital expansion and working capital.

**Shaleen Oil & Mining Co.**
Dec. 9 (letter of notification) 2,000,000 shares of common stock (par $1). Proceeds—For mining expenses.
Office—240 Bruce Kistler, Council, 450 Denver Club Bldg., Denver, Colo.
Underwriter—None.

**Shell" and Transport & Trading Co. Ltd. (2/14)**
Dec. 20 filed a maximum of $12,600,000 of New York state securities of different denominations for the purpose of being offered for subscription by holders of ordinary stock and to the general public.
Underwriter—None.

**Sheraton Properties, Inc., Boston, Mass.**
Dec. 3 filed 500,000 shares of capital stock.
Proceeds—To be used in connection with capital expansion and working capital.

**Shop Rite Foods, Inc.**
Dec. 2 (letter of notification) 940,000 shares of common stock (par $1). Proceeds—For building of additional stores and for general corporate purposes.
Office—817 Truman, N. M., Albuquerque, N. M.
Underwriter—The First Southwest Bank, Dallas, Tex., and Minn. Me & Co., Albuquerque, N. M.

**Shopping Centers Corp., Pittsburgh, Pa.**
Dec. 30 filed 1,000,000 shares of common stock (par $2.50) and $2,500,000 of debenture bonds to be offered in units of $2,500, each unit of which consists of 100 debenture bonds and 100 shares of common stock.
Proceeds—For construction, ownership and management of shopping centers, luxury hotels and other real estate activities.

**Simplicity Pattern Corp.**
Oct. 10 filed 155,000 shares of common stock (par $1). Proceeds—For working capital; to pay off all bonded indebtedness and to pay off all selling stockholders.

**Southern Electric Steel Co.**
Dec. 21 (letter of notification) 200,000 of 6% second mortgage bonds (with common stock purchase warrant). Proceeds—At par (in denominations of $1,000 each) for working capital and to reduce bank loans.
Underwriter—White & Co., St. Louis, Mo.

**Stuart-Hall Co., Inc., Kansas City, Mo.**
Nov. 27 filed 80,000 of 6% convertible debentures due Dec. 15, 1977. Proceeds—At par (in denominations of $1,000 each) for working capital.
Underwriter—None.

**Sovereign Resources, Inc.,**
Nov. 19 (letter of notification) 1,500 shares of 7% convertible debentures (par $100). Proceeds—For construction, payment of promissory note and working capital.
Office—5900 Winthrop St., Fort Lauderdale, Fla., and Merrill Lynch, Pierce, Fenner & Smith Inc., New York, N. Y. Offering—Expected this week.

**Stuart-Hall Co., Inc., Kansas City, Mo.**
Nov. 27 filed 80,000 of 6% convertible debentures due Dec. 15, 1977. Proceeds—At par (in denominations of $1,000 each) for working capital.
Underwriter—None.

**Syntrix Corp. (Republic of Panama)**
July 24 filed 1,163,750 shares of common stock (par $2). Proceeds—For payment of debt obligations of Oglen Corp, on the basis of one new share for each four shares held and to holders of options on the basis of one share for each option to purr PACKET.
Oglen Corp; common stock; unsubscribed shares to be offered to certain employees and officers. Proceeds—None.

**Taylor Instrument Companies**
Oct. 17 filed 15,000 shares of common stock (par $10) to be offered for subscription by common stockholders on the basis of one new share for each four shares held, plus options on the basis of one share for each option to purchase.

**Tax Department Fund, Inc., Washington, D. C.**
June 20 filed 40,000 shares of common stock. Proceeds—Price.$25 per share. Proceeds—For purchase of a 100% interest in Metropolitan Equitable Securities Corp., Nashville, Tenn.

**Tax Department Fund, Inc., Washington, D. C.**
June 20 filed 40,000 shares of common stock. Proceeds—Price.$25 per share. Proceeds—For purchase of a 100% interest in Metropolitan Equitable Securities Corp., Nashville, Tenn.

**Tommy Lee Corp.**
Dec. 3 filed 500,000 shares of common stock.
Proceeds—Price.$25 per share. Proceeds—For working capital.
Underwriter—The First Korean Bank, New York.

**Vail Corporation, Inc.**
Dec. 2 filed 500,000 shares of common stock.
Proceeds—Price.$25 per share. Proceeds—For working capital.
Underwriter—None.

**Vail Corporation, Inc.**
Dec. 2 filed 500,000 shares of common stock.
Proceeds—Price.$25 per share. Proceeds—For working capital.
Underwriter—None.

**Wayne Investment Co.**
Oct. 19 filed 100,000 shares of common stock (par $1). Proceeds—To be used in connection with capital expansion and working capital.
Underwriter—None.

**Wheeling Pittsburgh Steel Corp.**
Oct. 29, 1957 filed 5,000 shares of common stock (par $50). Proceeds—To be used for the purpose of holding cash.
Underwriter—None.

**Whitmore Petroleum Corp. (Montana)**
Nov. 9 filed 100,000 shares of common stock (par $1). Proceeds—To be used in connection with capital expansion and working capital.
Underwriter—None.

**Wichita Steel and Mining Co.**
Dec. 9 filed 47,000 shares of common stock (par $1). Proceeds—To be used in connection with capital expansion and working capital.
Underwriter—None.

**Winthrop Steel & Mining Co.**
Dec. 9 filed 47,000 shares of common stock (par $1). Proceeds—To be used in connection with capital expansion and working capital.
Underwriter—None.

**Wisconsin Electric System Co.**
Oct. 16 filed 300,000 shares of common stock (par $100). Proceeds—To be used in connection with capital expansion and working capital.
Underwriter—None.
Prudential American Electric Power Co. (6/3)


Cincinnati Gas & Electric Co.


Cincinnati, Rock Island & Pacific Co. (1/9)


Central Illinois Public Service Co. (2/25)


Central Power & Light Co. (2/4)

Georgia Power Co. (3/20)

Great Northern Ry. (1/23)
Bids are invited to be submitted by the company on Jan. 23 for the purchase of its $2,700,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Co. Inc.

Gulf, Mobile & Ohio RR.
Nov. 8, company applied to the ICC for permission to issue $16,000,000 of first mortgage bonds due 1974. Proceeds—To finance construction program. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kahn, Loeb & Co.; Blyth & Co.; Lehman Brothers; Eastman Dillon, Union Securities & Co.; and Merrill Lynch, Pierce, Fenner & Beane and Salomon Bros. & Co. Inc. (jointly). Bids—Scheduled to be received by the company up to noon (EST) on Jan. 22 for the purchase of its $1,800,000 equipment trust certificates, (third installment) to be held and determined to be received in 1976. Proceeds—$1,800,000 to be received for the issuance of equipment trust certificates on the basis of $500,000 for each preferred share. Bids—Scheduled to be received on or before Feb. 21—Register—Planned for Feb. 21.

Northern Illinois Gas Co. (2/18)
Dec. 13 This company announced that it now plans to raise $16,000,000 in additional debt by 1972. Proceeds—To be made as to the form of the proposed financing, but no consideration is being given to sale of common stock. Bids—Scheduled to be received for the purchase of its $16,000,000 equipment trust certificates (second installment), to be held in the name of the company and dated June 1, 1971. Proceeds—Bids—To be held and determined to be received Jan. 12. 

Northern National Gas Co.
Nov. 25 the company announced the proposed issuance of $20,000,000 of first mortgage bonds due 1979. Bids—To be held in the name of the company and dated Nov. 25, 1972. Proceeds—$20,000,000 to be received for the issuance of first mortgage bonds. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane, and Salomon Bros. & Co. Inc. (jointly). Bids—Expected to be received by the company up to noon (EST) on or before Feb. 18—Register—Planned for Feb. 23.

Ohio Edison Co. (3/4)
Dec. 12 It was reported company plans to offer $30,000,000 of bonds and other securities to be held and determined to be received March 3. Proceeds—$10,000,000 to be received for the issuance of trust certificates; $20,000,000 to be received for the issuance of debentures; $10,000,000 to be received for the issuance of stock; and $10,000,000 to be received for the issuance of equipment trust certificates. Bids—To be held and determined to be received Jan. 23. Proceeds—$10,000,000 to be received for the issuance of trust certificates held and determined to be received and $20,000,000 to be received for the issuance of debentures held and determined to be received. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane, and Salomon Bros. & Co. Inc. (jointly). Bids—Expected to be received by the company up to noon (EST) on or before March 5—Register—Planned for Feb. 3.

Pennsylvania Electric Co. (3/11)
Dec. 16 It was reported company plans to issue and sell $10,000,000 of debentures due 1973. Proceeds—To be held and determined to be received Dec. 19. 

Pittsburgh & Lake Erie Ry. (1/8)
Feb. 15 The company plans to issue and sell $10,000,000 of preferred stock due 1983. Proceeds—To be held and determined to be received Dec. 19, 1972. 

Proctor & Gamble Co. (3/20)
Dec. 6, 1971, Procter & Gamble Co., a leading manufacturer of household products, announced the establishment of a new company to be known as PGS Co., Inc., which will be engaged in competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. 

Public Service Electric & Gas Co.

Riddle Airlines, Inc.
Oct. 21, 1971, company announced plans to issue and sell approximately $30,000,000 of preferred stock. Proceeds—To be received by the company for the purpose of refinancing debt. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane, Eastman Dillon, Union Securities & Co.; and Salomon Bros. & Co. Inc. (jointly). 

Southern California Edison Co.

Southern Counties Gas Co. of California

Southern Nevada Power Co.
Dec. 3, 1971, company announced plans to issue in mid-1972 between $5,000,000 and $6,000,000 new capital, about $2,000,000 for general expansion and $3,000,000 for financing and the balance through common stock financing. Underwriters—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane, Eastman Dillon, Union Securities & Co.; and Salomon Bros. & Co. Inc. (jointly). Bids—To be received by the company up to noon (EST) on or before Feb. 18—Register—Planned for Feb. 21.

Southwestern Natural Gas Co.
Dec. 17, 1971, company announced plans to issue and sell $10,000,000 of common stock. Proceeds—For expansion program. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane, Eastman Dillon, Union Securities & Co.; and Kuhn, Loeb & Co. Inc. (jointly). Bids—Expected to be received by the company up to noon (EST) on or before March 1—Register—Planned for March 8.

Tuttle Engineering, Inc., Arcadia, Calif.

Tuttle Engineering, Inc., Arcadia, Calif.

Union Electric Co. (Mo.)
Nov. 5, 1971, company plans to offer around $4,000,000 additional shares of common stock, first to employees of the company and, subsequently, to the public. Underwriters—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane, Eastman Dillon, Union Securities & Co.; and Kuhn, Loeb & Co. Inc. (jointly). Bids—To be received by the company up to noon (EST) on or before March 1—Register—Planned for March 8.
Investing in 1958 Requires Balance

"Investing in 1958 requires a sound but balanced portfolio carefully selected than at any time in the past decade," according to Mr. Robert B. Rich, president of the $660 million Welling


Incorporated Investors

A mutual fund investing in bonds, preferred and common stocks, with the proportions "balanced" in accordance with management's judgment.

A PROSPECTUS ON REQUEST

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funds are available for investment in special situations currently un- der- consideration. These are currently drying up, and new opportunities that may be pre- sented during the remaining period of economic readjustment.

The report lists the following four broad categories of new developments which will continue to shape the investment policies of International Resources Fund:

(1) Combined military and eco- nomic needs. It is believed that the Communist will not long permit any substantial or prolonged idle- ness of productive capacity in our free world.

The strong growth trend, which have characterized the free world's economies in the postwar era, continues to gain momentum. The current: readjustments are therefore

(3) There cannot be growth or progress in the free world without continual investment. There is an enormous demand for the raw materials of industry, agriculture, and construction. Many of these minerals and materials are available in our own country. Many are not. The total amount of all natural resources is about $110 billion. Estimates of the market value of these resources range from $50 billion to $180 billion.

(4) Inflation is not a problem only of the past.

Putnam Growth Assets Over $1,000,000

Total net assets of over $1,000,000 have been announced by the Putnam Growth Fund, a new mutual fund, that was started in New York recently by six well-known financial figures. The fund is a descendant of the long-term capital growth, intro- duced by the late Charles M. Wyly, Trustee, and developed by him in the early 1930s. The fund is now managed by a group of experienced investment managers.

The fund's portfolio includes a variety of securities, including common stocks, preferred stocks, and bonds. The portfolio is diversified, and the managers are committed to investing in companies with strong growth potential.

In addition, the Putnam Growth Fund offers a range of services to its investors, including regular updates on the fund's performance and investment strategies. The fund is also committed to providing excellent customer service and support.

The Putnam Growth Fund is an excellent option for investors looking for long-term capital growth and a diversified portfolio. It offers a range of benefits, including access to experienced managers, a diversified portfolio, and excellent customer service. It is an ideal choice for investors seeking to grow their wealth over time.
### Indications of Current Business Activity

#### American Iron and Steel Institute

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
<th>Jan. 74</th>
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<tbody>
<tr>
<td>7,180</td>
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</table>

**Equipment orders**

- **New orders (at original prices)**
  - Net orders in current month
  - Year ended Dec. 30

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
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<td>7,180</td>
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**Sales and shipments (in 1,000 tons)**

<table>
<thead>
<tr>
<th>Latest</th>
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**Exports and imports**

<table>
<thead>
<tr>
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#### Civil Engineering

**Construction on hand (number of cases)**

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<tr>
<th>Latest</th>
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<td>7,180</td>
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**Construction orders placed**

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**Number of building permits issued**

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<th>Latest</th>
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#### Coal

**Coal production (in 1000 tons)**

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**Coal imports and exports**

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**Consumption by consumption**

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**Electric power consumption**

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**Steam and power generation**

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**Steam and power generation capacity**

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#### Failure of Commercial and Industrial

**Customer’s short sales—sales (other than those of insurance companies and railroads)**

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**Customers’ short sales—sales (other than those of insurance companies and railroads)**

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**Banking and insurance failures**

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#### Iron Age Composites

**Exports (in 1000) vs. previous month (in 1000)\(\) (at original prices)**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
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<td>7,180</td>
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**Imports (at original prices)**

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<th>Latest</th>
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**Iron and Steel (in 1000 tons)**

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<th>Latest</th>
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<th>Jan. 74</th>
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</table>

**Net imports (at original prices)**

<table>
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<tr>
<th>Latest</th>
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<th>Month</th>
<th>Year</th>
<th>Jan. 74</th>
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#### Mortgage Data

**Mortgage data—state totals**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
<th>Jan. 74</th>
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**Mortgage data—county totals**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
<th>Jan. 74</th>
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</table>

**Mortgage data—city totals**

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<th>Latest</th>
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#### National Paperboard Association

**Production (in 1000 tons)**

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<thead>
<tr>
<th>Latest</th>
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<th>Month</th>
<th>Year</th>
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#### Oil

**Oil and gas reports**

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<thead>
<tr>
<th>Latest</th>
<th>Previous</th>
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<th>Year</th>
<th>Jan. 74</th>
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#### Round-Off

**Transactions for account of which round-off is required**

<table>
<thead>
<tr>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
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#### Stock Transactions

**Stock transactions for which round-off is required**

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<thead>
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<th>Latest</th>
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#### Wholesaler’s Purchases

**Wholesaler’s purchases**

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<thead>
<tr>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
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#### Wholesale Price Index

**Wholesale price index**

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<tr>
<th>Latest</th>
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<td>7,180</td>
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#### Miscellaneous

**Miscellaneous data**

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<thead>
<tr>
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#### The Commercial and Financial Chronicle

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date.
The Construction Outlook for 1958

The year 1958 should prove to be second highest in physical construction volume, according to the U. S. Labor Department, despite expected decline in industrial buildings. Non-farm residential volume is seen as stable, while mortgage funds may continue to limit housing activity, some easing in the mortgage market for 1958 is assumed.

The latest Federal survey of new construction in the continental United States, released by the U. S. Department of Labor, Nov. 20, indicates a continued, but smaller, rise in the rate of new building for 1958 compared to the 1957 figure of $35.2 billion. According to the outlook estimates prepared jointly by the Department of Labor and Commerce, this rate of dollar output would mark 1958 as the second highest on record, with total physical volume of work put in place (excluding repairs) for price changes expected by 1955.

The $34.2 billion expansion in 1958 was to show up in residential building, public and private, with an expected rise of about $1 billion, which altogether are expected to account for about two-thirds of the total gain. Expenditures for almost all other major types of construction will probably show a rise, with the balance of the increase necessarily being spent for industrial plants and military facilities.

The expected volume of new construction in 1958 is based on the following assumptions:

- The current economic upturn is expected to continue in the economic pace next year, as measured by income, output, and employment, will not be great enough to exert a significantly upward pull on the total of new construction activity.
- Experience and international developments would not affect construction in the Continental U. S. in 1958. Recent estimates reflect expectations of an improved picture both at home and abroad, and the assumption that prices will continue to trend moderately upward.

New Construction Put in Place in Continental United States 1956, 1957, and Outlook for 1958

<table>
<thead>
<tr>
<th>Type of Construction</th>
<th>1956</th>
<th>1957</th>
<th>1957-1958</th>
<th>Change from 1957</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total construction</td>
<td>$32,743</td>
<td>$34,700</td>
<td>$34,200</td>
<td>$1,300</td>
</tr>
<tr>
<td>Residential buildings</td>
<td>$22,423</td>
<td>$23,700</td>
<td>$23,200</td>
<td>$480</td>
</tr>
<tr>
<td>Nonresidential buildings</td>
<td>$8,500</td>
<td>$9,700</td>
<td>$9,400</td>
<td>$300</td>
</tr>
<tr>
<td>Public buildings</td>
<td>$1,817</td>
<td>$2,000</td>
<td>$1,800</td>
<td>$200</td>
</tr>
<tr>
<td>Nonbuilding structures</td>
<td>$4,000</td>
<td>$4,200</td>
<td>$4,000</td>
<td>$200</td>
</tr>
<tr>
<td>Commercial buildings</td>
<td>$2,000</td>
<td>$2,300</td>
<td>$2,100</td>
<td>$200</td>
</tr>
<tr>
<td>Office buildings and warehouses</td>
<td>$1,000</td>
<td>$1,200</td>
<td>$1,000</td>
<td>$200</td>
</tr>
<tr>
<td>Residential buildings (private)</td>
<td>$22,423</td>
<td>$23,700</td>
<td>$23,200</td>
<td>$480</td>
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<tr>
<td>Nonresidential buildings</td>
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<td>Office buildings and warehouses</td>
<td>$1,000</td>
<td>$1,200</td>
<td>$1,000</td>
<td>$200</td>
</tr>
<tr>
<td>Residential buildings (public)</td>
<td>$10,320</td>
<td>$11,000</td>
<td>$10,300</td>
<td>$350</td>
</tr>
<tr>
<td>Nonresidential buildings</td>
<td>$7,700</td>
<td>$8,700</td>
<td>$8,400</td>
<td>$300</td>
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<tr>
<td>Public buildings</td>
<td>$1,417</td>
<td>$1,700</td>
<td>$1,600</td>
<td>$200</td>
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<tr>
<td>Nonbuilding structures</td>
<td>$3,000</td>
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</table>

DIVIDEND NOTICES

Pacific Gas and Electric Company
The Board of Directors on December 19, 1957, declared a quarterly dividend of $0.10 per share payable on January 19, 1958, to stockholders of record at the close of business December 31, 1957.

TENNESSEE CORPORATION

A dividend of fifty-five (55) cents per share was declared by the Board of Directors on December 19, 1957, to stockholders of record at the close of business December 31, 1957.

EXTRA CASH DIVIDEND

A dividend of sixty-eight (68) cents per share, payable on January 19, 1958, to stockholders of record at the close of business December 31, 1957.

*All estimates are based on the Department of Labor and the Department of Commerce.

[The change of less than one-half of 1%]
WASHINGTON, D.C.—Although the competition is going to be keen, more firms are going to be given opportunities in 1958 to bid on government contracts.

Congress is insisting that the Pentagon, which spends more tax dollars than any agency, in the world, open more doors and thus open new opportunities to the actions. The Army, Navy, and Air Force have been spending hundreds of millions of dol-

lars every month in the year, and the members of the Congress in the negotiations behind closed doors.

Under this method, companies that have no influence on the Army, Navy and Air Force are not given a chance to negotiate. Therefore, they never hear of these business opportunities to bid on Uncle Sam's business. As a result there has been a dwindling list of suppliers.

Congress is demanding that the military departments people call for competitive bids pre-

sumably by Congress, and services. Probably many Pen-

tangen high-ups would be reluctant to write another program for the duration of the "emergency." Meantime, some long time observers believe there is little likelihood of Federal control being readjusted, or an runaway inflation threats to engulf the country.

More Foreign Airl

The White House will beat the drums for foreign aid totaling about the same amount as Congress passed for the current fiscal year. The executive branch of the government is advocating from $2.3 billion to $5.0 billion for mil-

itary assistance indefinitely. Congress does not like the idea of an unlimited commitment to a permanent basis. Many mem-

ders have flatly said they would not support this program.

Seek Tariff Law Extension

President Eisenhower has suggested extension of the reciprocal trade law with power Congress can act on as soon as it meets. He will probably have to settle for less. He would cut the tariff by 5% by the end of the year. It is predicted that Congress will approve a three-year ex-

ension of the trade laws, plus giving the President authority to reduce the rates by 15%.

Nation's Bank Structure

There were 14,184 banks op-

erating on June 6, 1957, according to the recent Federal Depository Insur-

ance Corporation report. This was a 10% decline of 63 from the previous year. Federal Reserve Bank, National 14,443 were insured by the FDIC. Insured banks consisted of 13,211 commercial banks and 224 mutual savings banks which together held 96% of all bank deposits.

Of the 729 banks not insured by the FDIC on June 6, 1957, 281 were commercial banks, 292 mutual savings banks, and 60 were nondeposit trust companies.

Many of the non-depository insured banks have not applied for Fed-

eral deposit insurance, particularly small savings banks which are members of State insurance systems.

Total assets of all banks amounted to $534 billion on June 6. This can increase by 7% over the previous June 30. and ap-

preciably below the $522 billion held at the beginning of 1957. Deposits of all banks totaled $411 billion in June, an increase of 6.7% from June 30, 1956. Demand deposits declined in June by 6.7% and checkable deposits 7% greater. All states showed increases in time deposits of business and individuals. Eight-

teen states registered gains greater than 10%, while the increases exceeded 20% in Flor-

ida, North Dakota, Oklahoma and South Carolina.

Short Take

Defense spending the next fiscal year on July 1, probably will be substantially greater than the amount (approximately $29.3 billion) recommended by President Eisenhower in the new budget. Additional sums for defense will be sought in supplemental appropriation re-

quests to Congress.

There are more white collar workers in this country than blue collar workers. The trend toward white collar workers is expected to continue. An additional 16,000,000 people will be needed in the labor force for the 10-year period, the Labor Department says.

Government economists pre-

dict that new construction in 1958 will total $84.6 billion or 5.5% more than the total in 1957. They estimate that the $2.4 billion increase will be mostly in residential building, public and private, and highway construc-

tion. Expenditures for other types of business will remain about the levels as 1957.

A substantial growth is ex-

pected in hospital construction amounting to an estimated $600,000,000. Federal aid will provide considerable stimu-

lus in this field. A decline will result for private industrial plants and military installations.

Most of the increase in high-

way construction will occur in the $4,000-mile multi-lane divided interstate system.

The Eisenhower administration favors insurance for hazardous-

production companies. Should an explosion occur, the public would be able to sue for dam-

ages. The government will un-

derwrite to protect producers up to a point. The Budget of the year would limit Federal 

aid to $500 million per year. Congress will make the final determination.

[This column is intended to re-

flect the "behind the scene" interpretation from the nation's Capitol and may or may not coincide with the "Chronicle's" own views.]

K. G. LeFevre Joins

Montgomery, Scott

PHILADELPHIA, Pa.—Mont-

gomery, Scott & Co., members of leading stock and commodity ex-

changes, announce that Kenneth G. LeFevre has joined associated with their Philadelphia office, 123 South Broad Street.

Mr. LeFevre, who has been as-

sociated with the Fidelity-Phila-

delphia Trust Co., for the past 45 years, retired as Vice-President and treasurer of the company on Oct. 31, 1957.

Two With L. L. Blair

(Continued on the Financial Chronicle)

CHICAGO, Ill.—Joanna A. Kacanowski and Priscilla Perry have become associated with Lor-

raise L. Blair, Inc., 30 North La Salle Street.

"I'm afraid, Figbar, that's not quite what I meant about being forthright with our customers!"

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