EDITORIAL

As We See It

In the Spring of 1931, Herbert Hoover, then President of the United States, offered the American people these words of counsel:

"The nation is beset with difficulties and confusions. . . . Many have doubt and grave concern for the future. . . . None are the temptations under the distress of the day to turn aside from our true national purposes and from wise national policies and fundamental ideals of the men who built our republic. Never was the lure of the rosy path to very panacea and easy ways to imagined security more tempting.

For the energies of private initiative, of independence, and a high degree of Individual freedom in our American system we are offered alluring substitutes with the specious claim that every body collectively owes each of us individually a living rather than an opportunity to earn a living.

"And the equally specious claim that hired representatives of scores of millions of people can do better than the people themselves, in thinking and planning their daily lives.

Government Not "Source of All Wisdom"

"We must not be misled by the claim that the source of all wisdom is in the government. Wisdom is born out of experience, and most of all out of precisely such experience as is brought to us by the darkest moments. It is in meeting such moments that there are born new insights, new sympathies, new powers, new skills. Such conflicts as we are in the midst of today can not be won by any single stroke, by any one strategy sprung from the mind of any single genius. Rather must

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Interest Rate Trend
And the Bond Market

By NORRIS O. JOHNSON

Vice-President, First National City Bank of New York

One of New York's prominent bankers prognosticates somewhat higher interest rates in 1956 year-end than now, and no real stringency in money and capital markets for the year. Mr. Johnson directs attention to critical area of Federal expenditures and tax policies; believes sometime this summer conditions should be ripening for recovery; and calls for understanding and fineness in using tax reform, labor restraint, etc. The author ponders the prospective length of present declining interest rate trend; explains why long run interest rate trend is upward, though leaving "real" interest rate at zero and diverting savings to equities; and sees lowered bank reserve requirements being helpful to bond market.

Forecasting money rates and the bond market is a hazardous occupation. This has been most particularly so in these last 25 or 30 years, awed with so many uncoordinated events and political interventions. Nevertheless, there are forecasting systems that work. For example, there is a system for forecasting yields on 91-day Treasury bills which has worked to perfection since World War II. In 1944, you recall, we had bill yields nearly pegged at the Boston lows; each Presidential election year, the bill yields have moved up through the next even number. In 1948 bill yields first moved up beyond 1%; in 1952, 2%; in 1966, 3%. In case you are interested in long-range forecasting, it is not complicated to compute 4% for 1986 and 8% for 1991. If rates try to rise too fast the next even number proves to be a

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Why the GNP Failed to Warn of 1957 Recession

By LEWIS H. HANESY

Professor emeritus Haney blames the surprising suddenness by which the current recession seems to have caught so many to general reliance placed upon, what he terms "misleading," national income and Gross National Product. The record of forecasts made by those who rely on GNP is very poor, the author contends, in pointing out, for example, that the figure rose almost uninterrupted throughout 1957. Actually, he adds, the statistical component has done great harm by concealing "unadjustments" within the nation's business structure. To substantiate his charge, the economist offers ten "particular weaknesses and errors" found in the national income-GNP approach, and suggests, by way of making his points clear, employing a super FTC to prevent false and misleading use of the term, GNP.

Suddenly, at about the time when big banks got out their November business surveys just before the New York Reserve Bank cut its discount rate (Nov. 15), the country seemed to awaken to the recession of 1957-58. This is important because this recession clearly began in December 1956. Even the Reserve Bank's index of wholesale production started to decline in January 1957. The strange tardiness in a period of apparent great statistical preparedness, is to be explained on the ground of a diversion of attention to misleading statistics. It was largely the postponement of the "national-income" approach and the "GNP" that enabled the current recession to make such a sneak attack.

The "national-income" approach to economics and business means an attempt to set up an accounting system for the nation as if it were a business unit with four coordinate depart-

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The Security I Like Best

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

(The articles contained in this forum are not intended to be, nor are they, a recommendation, as an advertising supplement.

DOUGLAS R. HANSEL
Partner, Shields & Company, New York City

FMNA Common Stock

During the short period of time it has operated on its present basis, most investors are unfamiliar with the Secondary Market Operations of the Federal National Mortgage Association, universally known as FNMA. They do not know that a substantial portion of this stock is held by the Federal government or by government-guaranteed agencies.

FNMA's stock can be purchased in the over-the-counter market, or don't they appreciate the potential appeal of investment in a well-rounded investment program, particularly during the current period of declining interest rates.

As chartering by Congress in 1954 for a national government-sponsored corporation of which one division, Secondary Market Operations, was to be completely owned by the public. Currently 63% of the common stock of this division is held by the FNMA and its preferred stock by the U.S. Treasury.

The function of this division is to provide a degree of liquidity for mortgage investments, thereby freeing the lender for further distribution of investment funds for mortgages guaranteed by the Veterans Administration or insured by the Federal Housing Administration. It buys VA and FHA mortgages in the secondary market at prearranged rates both to hold for interest income and to sell eventually as favorable opportunities develop.

Earnings per share were $6.59 in 1957, $7.31 in 1956, and 63% based on an average of the number of shares outstanding at the end of each quarter and compared to $6.85 for the year ending Dec. 31, 1956. The substantial earnings decline was the rapid advance of interest rates during the first three quarters of 1957 which resulted in a higher interest cost incurred on indebtedness related to interest earned on mortgage investments. Another important factor was the increased emphasis on FNMA on the public market as a result of the 1956 issue, whereas in 1956 the United States was the major source.

The greater part of FNMC's mortgage investments is made from investments in mortgages while in secondary purchase and marketing facilities are sold to sellers of mortgages.

An important source of potential income lies in Unrealized Profits. At the time of the sale of a FNAM-Mae buys its mortgages at a discount from face amount. Under FNMA's accounting policies, discount is not reflected in the net income of the acquired companies until the mortgage is finally paid off or sold. The earning of interest in real estate investments makes it more probable that mortgages pur chased through a discount will soon be salable at a profit. For the first two weeks of Feb. 1958, FNMA sold $21,000,000 of mortgages from its portfolio which the amount previously sold since FNMA's inception. We estimate that, as of Dec. 31, 1957, the unrealized purchase discount in FNMA's portfolio was about $33,500,000 per share on FNMA stock after deducting net taxes ($860 per share before Federal Income Taxes). The amount and nature of this discount will depend upon the Association's policy with respect to the sale of mortgages.

Of $1,413,000,000 indebtedness held by the public, $1,113,000,000 is due in less than one year. Earnings from these conditions in the money market since it seems feasible to be able to reduce its outstanding short-term debentures at substantially lower rates than it currently pays.

FNMA common stock has a book value of $105 per share and has been paying annual dividends since January 1957 at the rate of $0.17 per share, or $2.04 per annum. The common stock's characteristics have a highly leveraged situation, the holder of FNMA stock is legally authorized to borrow up to ten times the amount of its preferred stock common.

Depending upon the extent of the current decline in interest rates, a substantial increase in earnings is probable. The problem of this, however, is the book value of the stock, together with its high leverage and substantial Unrealized Purchase Discount, will demand the attention of the investor who wishes a definition hedge.

On Nov. 30, 1957 there were 339,000 shares of common stock outstanding which is traded in the over-the-counter market.

HARVEY M. MARACHE, JR.
Partner, Granberry, Marache, & Co., New York City

Members New York Stock Exchange

FNMA American Stock Exchange

Astrae Oil & Gas Company

Astrae, selling around 12½, after a long period, may have a unique opportunity to participate in an oil and gas development company that may be only moderately speculative. In 1954, reserve contained reserves of 1146,000 barrels of oil and 546,000 MCF of gas. This is currently contained in oil reserves totaling 1,780,000 barrels and gas reserves 263,000 MCF. At $1.60 per barrel and 4 cents per MCF respectively, the reserve has a value of $206,400,000 the company is selling in the open market for $27,800,000. The book value, disregarding the net quick property and stated debt, is on the latter is more than offset by undeveloped properties approximating $600,000.

The past year has been a prosperous period for Astrae, based not only on discoveries and developments but also because of settled controversies. We anticipate those earnings should continue growing as shown by our January forecast in a succeeding paragraph. The management, which has shraddled the acquired company's prospects for 1958, from Astrae this far along, remains in the pocket. The company has a large reversion to ships where possible, the major oil companies who drill at their own expense, particularly in the Southwest. Corners has been, in the writer's opinion, an economic success. An investor, however, should not anticipate dividends for years. Any other policy, that is, to declare dividends while borrowing from the bank for the acquisition, would seem to be not in the best interest of the company. Astrae is a young company with no definite future. The earnings reported are not yet comparable to those reported by the stockholders would be distributed.

Astrae was formed in 1950 to acquire certain exploration and production properties in New Mexico and was increased in 1954, the company reported income of $91,824 and net income of $483,174. Originally, the company was organized to rapidly build up reserves through the acquisition of exploration and development properties and agreements on leases, at a minimum cost to the company. Earnings were secondarily, since income would develop as reserves were exploited. Management has changed the course of operations was borne out by the transaction of further sales of $2,785,000 per share of income, $1,019,000 or about 44 cents per share. The sum of current and previous tax purposes have been charged against income, and current taxes have been paid. General and administrative expenses, when compared to that of other companies, are low—being only about 10% of gain. The low ratio for 1957 might total around $1,200,000 or 84 cents per share. I believe that for the year-end gross, net and cash should flow should show a net increase, respectively, over the corresponding previous period.

The estimate of 1958 earnings, assuming no change in operations, would be:

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The Treasury's View Of the Economy

By Hon. Robert B. Anderson* Treasury of the United States

Mr. Anderson states Treasury's assumptions underlying its revenue estimates are: (1) recession will not continue for a protracted period and that growth would resume during 1955 and continue on to 1959; (2) income tax and personal income level for calendar year 1955 will be below the rate of increase of two preceding years; and (3) corporate profits in 1955 will be about $24 billion estimated for 1954. The Treasury data present conditions do not warrant tax cuts to stimulate the economy but that tax general or structural revisions are in order as tax policies stimulate capital and consumer demand.

Perhaps the one characteristic of our American economy which has persisted since the beginning of our history has been growth by means of continual expansion of activity, at the same time, throughout our period of prosperity there has been constant evaluation of both output and the means of satisfying them. We have firm grounds for our belief that our Nation's prosperity is the result of the ingredients of an economic system which will continue to maintain a reasonable rate of economic growth.

At present we are passing through a period which is presenting certain difficulties and problems. This requires our continued and careful watch. But we must recognize that the need for appraisal——our basic judgment and action——is one of the responsibilities of membership in a free society. Our basic strength is the dedication of our government and the condition of the task of maintaining the basic health of our economy. Neither infallibility nor infallibility is al-lowed to run a ruinous course.

Our judgments last December in arriving at the budgetary budgeted receipts for the period 18 months in advance were admitted difficult. They took into consideration both the current problems of our economy and a confidence in the strength of the underlying forces. But this contributed to growth. A further consideration was the fact that each of our governmental departments and our monetary agencies would continue to conduct their operations so as to contribute re-ened vitality to our economy.

Some of the specific factors contributing to our judgments will be discussed later.


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Published Twice Weekly

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Alaska Oil and Mineral

United Western Minerals

Quinta Corp.

Sabin-Piron

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Jack & Heil's

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LITHIUM CORP.
CORPORATE REFORM ON-THE-HOUSE

At this annual meeting season we have been hearing a chorus of resolutions from the years have been going out all to build up stockholder good will. These resolutions have been presented at various kinds. The area of company managements has been concentrated on the over long years of his crusading, by Lewis Gilbert, Senior Mailing Stockholder No. 1, "The Stockholders' Stockholder." This is now again being manifested in the newly issued 138th Annual Report of the Stockholders' Activities at Corporate Meetings" published in collaboration with his editor John—such stockholder activities referring almost entirely (in 277 pages with an appendix of photographs) to those personally participated in by the author of the 138th meetings attended. "Today at an annual meeting, Lewis Gilbert is the echo of the, the champion of the coming out party, if he is not there it is like a show that missed Broadway."

Important Agenda Item

Discussing the entire section of the subject of "Luncheon," the volume argues that the importance of including a luncheon and other collateral on the agenda. Reporting on the 1957 Annual Meeting of the National Association of Stockholders, the author states: "Today at an annual meeting, Lewis Gilbert is the echo of the, the champion of the coming out party, if he is not there it is like a show that missed Broadway."
The purchase of

SPICE ISLANDS COMPANY

by

LESLIE SALT COMPANY

was negotiated by

Schwabacher & Co. - Dean Witter & Co.
Some favorable comment about a major company, recording a quite remarkable advance in net earnings for 1957.

Not all is gloom. Avon Products (a cosmetic company) carried its sales and profits well ahead of the market, and its net to a new all-time high. General Foods, of course, moved forward in a stronger manner, greater profits from food, tobacco, and beverages, especially in the last few months of the year, were very well received; and, as a result of utilities gained upon the adoption of new accounting procedures, investors were somewhat pleased. Some of the betteruble companies never looked so good — in particular, Parke, Davis, our topic for today.

Much stress is now placed upon the importance of research. On that point, Parke, Davis is a pioneer in this field. Its original laboratory was the first in America built by any company for the express purpose of research. Through the years this investment has paid off handsomely; so much so that more than half of current sales volume (now running above $125 million annually) is derived from products of research.

Over 600 different items are represented in the 1957-1962 period. In Chlormycetin, a patented synthetic antibiotic, Parke, Davis is the world's leader for this medicine and in other antibiotics and in surgical drugs.

A special comment should be made about this Chlormycetin, originally introduced in 1949. This "wonder drug" is now accepted as the recognized treatment for drug-resistant tuberculosis, and the company has built up a preference for treatment of typhus, influenza, and severe infections, a truly major achievement. Chlormycetin, that caused such blood disorders. These diseases have been improved and, after a heavy sales effort, the company feels it has more than compensated for those years, so that today U.S. sales volume has been substantially restored, and in 1957 Parke, Davis sales were 11.6% in 1956 against 10.7% in 1955. The sales of Chlormycetin have been profiting steadily, and in 1957 the company announced that its sales had increased by $2 million, to $2.15 million.

Avon Products, also, has introduced a new drug, called "chloronol," which is proving a valuable aid in the treatment of diabetic retinopathy. The drug is also helping to control the condition of patients suffering from "hypertension." And, to complete the picture, Parke, Davis is also betting on a new drug, called "zyloprim," which is claimed to be a new treatment for gout, an ancient and chronic disease of gout.

Other recent Parke, Davis chemical products include APC vaccine licensed in 1951 to prevent virus infection of eye, nose, and throat. Tests, involving more than 5,000 animals, show the vaccine is highly effective in this case, and indicated the possibility of a possible expansion of future sales. Colt's is a new drug for treating epilepsy, a condition with which Parkinson's disease, and now and again, those suffering from sleeplessness, are faced. Parke, Davis has, since 1948, continued to increase the scope of its operations, and in 1957, the company announced that it had increased its sales by more than $2 million, to $2.15 million.

Not only are Parke, Davis sales moving forward but so is the company's research, which is now more than $125 million annually. The company has been able to add sales to its list of new products, and, as a result, its net to a new all-time high. General Foods, of course, moved forward in a stronger manner, greater profits from food, tobacco, and beverages, especially in the last few months of the year, were very well received; and, as a result of utilities gained upon the adoption of new accounting procedures, investors were somewhat pleased. Some of the betteruble companies never looked so good — in particular, Parke, Davis, our topic for today.

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$44,500,000
City of New York
2.90% Bonds

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Due March 15, 1959-73, incl.

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AMOUNTS, MATURITIES AND YIELDS OR PRICES

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<td>Rate</td>
<td>3.00%</td>
<td>3.00%</td>
<td>3.00%</td>
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(Accrued interest to be added)

The above Bonds are offered when, as and if issued and received by us, and subject in prior sale and approval of legality by Miller, Wood, King & Devoe, Attorneys, New York, N. Y.

It is expected that Interim Bonds in denomination of $1,000 will be delivered in the first instance pending preparation of Definitive Bonds.

The Chase Manhattan Bank

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The Philadelphia National Bank
A. G. Becker & Co. Incorporated
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The Chase Manhattan Bank

The Chase Manhattan Bank

The Chase Manhattan Bank

Sterling National Bank & Trust Company of New York

1956: A Year of Decision in Atomic Power World Leadership

By ELMER L. LINDSETH
President, Chicago, Burlington and Quincy
Chairman, Edison Electric Institute's Committee on Atomic Power

Cleveland utility head answers critics of America's nuclear power program and technological standing by pointing out we have undisputed leadership and substantial edge over other nations at this time. We unquestionably possess world leadership in overall technological achievement—despite temporary outstripping in satellites and missiles. Mr. Lindseth points out we have, at end of 1956, 13 power reactors—two under construction in or planning stage; (2) 85 power reactors alone—to generate electricity or propulsion—under construction or planned; and (100) companies participating in one or more of 23 different projects concerned with research, development, planning or construction of nuclear plants. Names 15 atomic power plant projects scheduled for this country as evidence of construction progress.

Along One earth. That is the position of the nuclear reactor. Here, in the United States, the word "reactor" has become a curse to any administration that wants to get anywhere with its atomic energy programs. The word has been used as a weapon by those who would promote a policy of non-use or non-development of atomic energy. Addressing a dinner meeting of the Electric League of Cleveland, Feb. 4, Mr. Lindseth summed up the situation. So much then for our description of a nuclear reactor. Briefly, it is a complex apparatus in which the heat-producing chain reaction takes place under constant control. The amount of heat given off can be increased or decreased at will and in some cases is even self-regulating. The heat turns water into steam in another apparatus; and from there, on the principle of the steam engine, the steam is exactly the same as that of a coal-burning plant, with all of its intricate and complex components.

"Free" Power a Myth

We have been led to appreciate the nature of atomic power as if we had described it to see why it will never be as "free" as "free air" or "too cheap to meter," despite the claims of some optimists. The only expense eliminated by the atomic reactor is the cost of the conventional fuel—usually coal. And although, believe me, I am not now indulging in the cost, it is still only a fraction of the total cost of supplying power. To make matters worse, the atomic fuel substituted for coal has only more expensive return.

As we do today, and in the near-term future, when a nuclear reactor is used in place of a coal-burning plant, will we look anywhere in the world—and I emphasize anywhere in the world—in the near-term future, when a nuclear reactor is used in place of a coal-burning plant, will we look anywhere in the world that a coal-burning plant? The answer is no.

In a conventional plant, the heat is used to turn conventional fossil fuel, usually coal, oil, or gas, in a furnace or boiler. In a nuclear reactor, power is produced by burning nuclear fuel in a reactor, which in turn makes steam. The energy in the fuel is transformed into high-temperature electric energy, which in its turn makes it possible to utilize that electric fuel.

As we do today, and in the near-term future, when a nuclear reactor is used in place of a coal-burning plant, will we look anywhere in the world that a coal-burning plant? The answer is no. And although, believe me, I am not now indulging in the cost, it is still only a fraction of the total cost of supplying power. To make matters worse, the atomic fuel substituted for coal has only more expensive return.

In a conventional plant, the heat is used to turn conventional fossil fuel, usually coal, oil, or gas, in a furnace or boiler. In a nuclear reactor, power is produced by burning nuclear fuel in a reactor, which in turn makes steam. The energy in the fuel is transformed into high-temperature electric energy, which in its turn makes it possible to utilize that electric fuel.

The nuclear plants operating in the United States, and the ones planned all use as fuel one of the isotopes of uranium, uranium 233, which occurs only in minute amounts in the earth. Other fuels that can be used include uranium 235 and plutonium 239. Those isotopes are present in nature, because, under the right conditions and control, the nuclei of their atoms may be caused to split or fission in a controlled chain reaction. This is what takes place in a nuclear reactor, and the result is the release of a large amount of energy.

But the electric energy of this nucleus can be obtained by using it to produce the power, and the power generated by the reactor can be sold to those who wish to purchase it. This is the way in which nuclear power is generated.

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The question is sometimes asked: But what if this controlled reaction is started in a reactor and the reactor explodes like a bomb? The answer is definitely no. Creating an atomic bomb isn't that simple. A bomb requires a nuclear weapon, which is a complex apparatus consisting of various components and conditions which may be difficult to manufacture in a nuclear reactor. Any talk about the existence of a nuclear reactor is far-fetched. The possibility of a nuclear power plant can be traced to an inescapable association of words and ideas. The design principles, or any such talk, are basis in fact.

The only potential public hazard—and it is extremely remote—would be the reaction to the released radioactive fission products. Those products are not radioactive, but you may be very sure that no atomic plant is ever licensed to operate by the Atomic Energy Commission until they are conscientiously convinced that the plant has been satisfactorily solved.

Every atomic power plant must get permission from the Atomic Energy Commission to authorize its construction. This must be done before construction is complete, to permit it to begin operating. This second line of defense will be even more protective than the first one, after construction is complete, to permit it to begin operating. This second line of defense is required by the Atomic Energy Commission to authorize the construction of the plant.

and least 13—before this aim is achieved, coal will be cheaper than in any other industrialized country. In that stage we will keep constantly learning how to improve the economy of our coal-burning plants. Through research, development, and experiment, we'll bring nuclear power down to the same cost level as conventional power.

All of this has a definite bearing on our competitive position in what has turned out to be an imaginary global atomic power race.

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Potomac Electric Power Company

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For sale at $50 per Share

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Copies of the prospectus may be obtained from one of the undersigned or from any broker named in the prospectus or may legally offer these securities under applicable securities laws.

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"We Shall Stand Together"  
By BENJAMIN FAIRLESS  
President, American Iron and Steel Institute

A vehement denial that significant wage increases can come out of profits is made by Mr. Fairless on the occasion of receiving the nation's Business Press 1957 Silver Quill Award presented by the National Association of Business Papers. In the course of his remarks, the president pointed out the sources of our economic strength, the steel leaders states: (1) wages must bear fair relationship to advances in productivity, but this has not been the case in past decade; (2) demand for our products is still strong; (3) increasing wages is the "real key to more productive power and thus earning power and thus progress.

In recent months we have been presenting the case of our industry: (a) productivity - our rate of progress; (b) If we hope to maintain the gains we have made, we must stop the rise of wages. To achieve this we must show that increasing wages is a "remedy for a disease" - and I emphasize that the productivity in our industry is a major source of our strength.

We have again argued that it is time to stop the boom created by increasing wages. We have shown that the boom is an illusion, that it is built on false premises, and that it cannot last a second longer. But we have also shown that, if we are to maintain our gains, we must stop the rise of wages. And we have shown that the only way to stop the rise of wages is to increase productivity. We have also shown that our industry is capable of doing this, and that we have the resources to do it. We have also shown that our industry is capable of doing this, and that we have the resources to do it.

Now, the minute anyone says something like this he is imme¬ diately accused of trying to stop wage increases and the labor movement. But it is very clear that I am not opposed to either. In fact, I am emphatically in favor of wage increases. I could hardly feel otherwise. My father was a labor leader, and my brother held one, also. I signed the first Corporate Industrial Relations Compact with the United Steelworkers of America. The late Mr. Fairless had a similar compact on his bookshelf.

It is not true that ever oil over against wages. And when I say wage gains I mean gains that will be realistic. We think everybody should get "more" as it is their right; but we do not think it is realistic to expect everything to be doubled. And in many cases we do not think it must bear a relationship to productivity.

Now, in the last 10 years we haven't a 30% gain in productivity, but we have been allowed to absorb a 61% rise in wage rates.

Consumer purchasing power, which is the sum total of the confidence of spenders, is one of the vital parts of a prosperous economy. And we cannot have more purchasing power that has to be earned to be effective. We believe in a business cycle driven by a desire to take a share of the expense of somebody else. The difference between the 30% gain and the 61% in wages is illusion.

The question rests on whether consumer purchasing power, because of course it represents infi-

While it sounds perfectly reasonable to stuff money into pay envelopes, it must be realized that when the efficiency is not created, that money comes out of somebody else. We do not believe in the efficiency of the economy is created as much as a fraction in this way.

What any man earns is the result of the value of what he produces; and, therefore, any change in wage rates changes power comes about as it increases or decreases the value of the money we get that really counts.

Now, a human being is truly a marvel and at the same time very human. He has the mind of a giant but the muscles of a pygmy. With his mind, his imagination and wonderous crea-

"An" address by Mr. Fairless before the New York University Graduate School of Business; Homecoming, New York City, Feb. 15, 1958.

"From an address by Mr. Fairless upon receiving the 1957 Silver Quill Award, presented by the National Association of Business Papers, Washington, D. C.
Original or Replacement Charge for Depreciation

BY VIRGIL S. TILLY


Oklahoma C.P.A. discusses problem of accounting for plants and other business property that represent capital expenditures. These are accounted for by technological competition with Russia, and growing dynamic characteristics of modern business.

Mr. Tilly states accounting reports should be based solely on actual assets used and consumed in operations; accounting for capital improvements are to be treated as an expense and should be accounted for by increased expense rates or to obtain income tax deductions. Accumulated cost of assets is not a basis for such reports, since it is not a basis for managerial planning and operations.

I

Background

The American economy has reached heights of productivity unparalleled in any age or any civilization primarily because of two things: freedom of enterprise and competition. For most, if not all, of the past 30 years, in every part of the nation, the most common men, women, and even children, does he know that he will be richer and better off if he can save for himself and for others, as the conditions of business and technology change?

For a generation or another, many unfortunate persons, in another generation, get along in an average way; others are not at all satisfied; that is the background that we should keep in mind when we discuss the problem of accounting for plants and other business property as capital expenditures.

II

Discussion

First, we should define the term "depreciation." For this discussion, we can classify all expenditures as either current expenses or capital expenditures. If a property is retained within the year or desired both before or after the term, it is a capital expenditure.

We then must determine whether the amortization of the deferred capital expenditure is to be related to the purchase or the actual cost of the expenditure at the time it is acquired and purchased in use or it is to be based on its cost of reproduction at the time that the property has been fully consumed.

In other words, is depreciation an expense that represents the difference between the original cost of a capital asset and its value at the time of use?

Or is depreciation an expense that is always just sufficient to replace a capital asset after its exhaustion?

It is not likely that anyone could maintain for the second proposition stated above, that it is necessary for a desire to use a higher charge on a purchase, or the income tax, because the tax is a state of the business enterprise regardless of other depreciation and that other depreciation is recorded as it affects the cost of the property or based on an estimate of the amount that will be required to replace the property at the time of its usefulness.

That is for the reason that, except for monopolies, prices for the products and services are established, and they are maintained by a combination of the effects of the workings of the forces of freedom of enterprise and the competition inherent therein.

Businesses in our market place are competitive. None of them can do anything that may take away their own customers. We will not purchase turn out to be windfalls and may become white elephants. Most likely, the plant and machinery of today will be the product of tomorrow's economy for the fact that, think that they will not be the same plant and machinery that we will use tomorrow-in fact most of the machinery in use today will be abandoned before exhaustion from wear and tear, for obsolescence will send them to the junk pile. Many others will operate only as marginal properties, depending on the degree of frustration of competition and the influence of supply and demand that may be occasioned by war, governmental restriction or other abnormalities.

III

Summary Statement

As accountants, our responsibility is to report on the trustee- ship of management. As a result, in turn should not be charged with accountability for assets and liabilities or for the determination of income on a basis other than the basis that were placed in use and consumed in use.

Furthermore, as accountants we should firmly resist efforts to set up a rate-making system that can be used to secure increased rates which may be charged for income and income tax deductions. An accounting system is supposed to apply with equal fairness and in many instances where appropriate, it is simply an expedient for a special purpose. However, it is not a sufficient reason for any such action.

And, it is not the basic purpose of any assets that are not being used currently, but it is the actual basis on which management does its planning and operating. Is not depreciation then the amortization of a capital expenditure that represents a charge to the computation of taxable profit in case of sale and would be satisfied and happy with a principle that requires them to write down charges as well as to replace the depreciation of their tax base?

Yes, we take our risks in this still changing, dynamic economy of ours. Both the period and the manner that may be written off. We will not, in every case, be satisfied that the plant and machinery of today will be the plan and machinery of tomorrow for the fact that, think that they will not be the same plant and machinery that we will use tomorrow-in fact most of the machinery in use today will be abandoned before exhaustion from wear and tear, for obsolescence will send them to the junk pile. Many others will operate only as marginal properties, depending on the degree of frustration of competition and the influence of supply and demand that may be occasioned by war, governmental restriction or other abnormalities.

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$29,000,000

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January 1, 1958

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David D. Lynch

Merrill Lynch Firm to Admit Three Partners

On March 1 Ned B. Ball, Edward N. McMillan and Robert N. Sydwan will be admitted to partnership in Merrill Lynch, Pierce, Fenner & Smith, 70 Pine Street, New York City, members of the New York Stock Exchange. Mr. Ball will make his headquarters in the Phoenix, Oregon office, 811 Southwest Sixth Avenue, and Mr. McMillan will be located in Boston, 18 Milk Street. On the same date Arthur L. Kerrigan and John H. Möller, general partners, will become both general and limited partners; Earl W. Hunley, John L. Julian and Cyrus H. King will cease to be general partners but will remain limited partners.
Taking a Fresh Look at Our National Defense Program

By NELH JACOBY

Dean of the Graduate School of Business Administration, University of California, Los Angeles

Former Member of Pres. Eishenhower's Council of Economic Advisers


"As a member of the former Council of Economic Advisers, I am an advocate of the view that our national defense is an integral part of our economic policy.

"Our defense policy is based on the recognition that the United States cannot afford to be a nation of peaceful, contented citizens if it is to survive as a free nation.

"The corollary of this is that we must have a strong, well-prepared military force in order to ensure our continued existence as a nation.

"We should therefore be committed to a program of national defense that is adequate to meet the challenges of the modern world.

"This program should include a strong military establishment, adequate resources for research and development, and a well-informed public.

"We should also be aware of the potential dangers that may arise from disarmament negotiations and the need to maintain a strong defense capability.

"In conclusion, we must recognize the importance of national defense as a fundamental aspect of our economic policy and be committed to a program that will ensure our continued existence as a free nation.

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There Is Room for Expansion in Commercial Finance Industry

By VINCENT CATOZZELLA

Investigator in Commerce, Virginia

This brief study showing commercial finance industry must expand stems from Mr. Catozella's extensive research study of the finance industry. The professional investment analyst notes growing needs and demands for new specialties uniquely developed to serve the needs of the increasing number of companies specializing in multi-million-dollar-calculator, equals to multi-million-dollar-airports.

Ways and Means

Comparison of commercial finance firms has increased, characteristics with those of the more complex consumer finance companies will be found. This will not mean under-rated elements of the same, but the rise of new companies.

He argues that most small business concerns, not only the small doing business his office at 115 Broadlawn, the firm has offices at Smithfield, Pa., and Chicago.

Mr. Beane, who started in the securities and commodities business with Fennemore & Beane after graduation from Yale in 1911, lives in Greenwich, Conn.

D. A. Wangs, with Mitchell Hutchesons Co.

(Reprinted from The Financial Chronicle)

Chicago, Ill.—Donald A. W. Wangs, a member of the New York and Midwest Stock Exchanges, was appointed by the firm.


E. Gordon Phillips has been elected president of the Equitable Securities Corporation. It has been announced. He is sales manager of the Far Eastern division, with headquarters in the New York office, 2 Wall Street.

With First California

San Francisco, Calif.—Joseph M. O'Reeke is now with First California Company, Inc., and is a member of the Pacific Coast Stock Exchange.

A. G. Beane to Join J. R. Williston & Co.

Alpheus C. Beane, 69 Harbour St., New York, will be director of First California Co., Inc.

J. R. Williston & B. E. Towe, senio

Mr. Towe, 69 Harbour St., assisted Mr. Beane, 69 Harbour St., in the formation of the company. Mr. Williston, 69 Harbour St., was the senior partner.

A. C. Beane

Mr. Beane, who retires Feb. 28 as a partner of Merrill, Lynch, Pierce, Fenner & Beane, will become the new senior partner of J. R. Williston & Beane. Mr. Towe, who first entered the securities business in Boston, will remain as an active general partner.

Chicago Analysts to Hear

Chicago, Ill.—R. E. Helmer, Vice-President of Detrus Industries, will be guest speaker at the luncheon meeting of the Investment Bankers Society of Chicago to be held Feb. 27th in the Adams Room of the Million Hotel.

With First California

San Francisco, Calif.—Joseph M. O'Reeke is now with First California Company, Inc., and is a member of the Pacific Coast Stock Exchange.

TABLE I

<table>
<thead>
<tr>
<th>Company</th>
<th>Senior Officers</th>
<th>Total Loans</th>
<th>Total Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>W. W. Gage Co.</td>
<td>James Twitchell</td>
<td>175,000,000</td>
<td>125,000,000</td>
</tr>
<tr>
<td>Frank, Johnson &amp; Co.</td>
<td>William Johnson</td>
<td>100,000,000</td>
<td>75,000,000</td>
</tr>
<tr>
<td>R. J. Williston &amp; Co</td>
<td>John Williston</td>
<td>50,000,000</td>
<td>35,000,000</td>
</tr>
</tbody>
</table>

To isolate typical representatives of the commercial finance field not heavily involved in consumer credit and not specializing in real estate, the following is a list of the largest in Table II.

TABLE II

<table>
<thead>
<tr>
<th>Company</th>
<th>Total Loans</th>
<th>Total Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Finance Company</td>
<td>75,000,000</td>
<td>50,000,000</td>
</tr>
<tr>
<td>Commercial Finance Corp.</td>
<td>50,000,000</td>
<td>35,000,000</td>
</tr>
<tr>
<td>Commercial Finance Corporation</td>
<td>25,000,000</td>
<td>15,000,000</td>
</tr>
</tbody>
</table>

What investment rating should be applied to the notes, senior and junior bonds of commercial finance companies? A quick comparison with commercial bank credit, and some demonstration by the notes, senior and junior bonds of commercial finance companies will be made. The notes are rated first in the case of real estate, and second in the case of non-real estate. (Table III)

TABLE III

<table>
<thead>
<tr>
<th>Bank</th>
<th>Class</th>
<th>Face Value</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Finance</td>
<td>Senior Notes</td>
<td>100,000</td>
<td>6.5</td>
</tr>
<tr>
<td>Commercial Finance</td>
<td>Junior Notes</td>
<td>50,000</td>
<td>6.0</td>
</tr>
<tr>
<td>Commercial Finance</td>
<td>Senior Notes</td>
<td>25,000</td>
<td>5.5</td>
</tr>
</tbody>
</table>

Money Supply Sources

Commercial finance companies get their money supply from the same sources as consumer finance companies. A. G. Beane

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Effective April 1, Mr. Beane will be director of First California Co., Inc.

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San Francisco, Calif.—Joseph M. O'Reeke is now with First California Company, Inc., and is a member of the Pacific Coast Stock Exchange.
Mr. Khruischev's Trade Challenge—Will We Meet It?

BY HON. C. DOUGLAS DILLON

Deputy Under Secretary of State for Economic Affairs

Former Board Chairman, Dillon, Read & Co. New York City

For years the Soviet Union has been a major foreign trade partner. It has been a major customer of the free world and our trade with it has played a substantial role in our economic relations. For this reason, it is essential that we understand and appreciate the importance of the Soviet Union as a trade partner. It is also essential that we develop policies that are consistent with our national interests and objectives.

Foreign trade policy and the attitude of our economic experts in Europe has been another way of saying the same thing. Last November Mr. Khruischev, in a conversation with a well-known American editor and publisher, who also, incidentally, owns one of Detroit's largest daily newspapers, said that the Soviet Union will show a growing state-mindedness.

"We declare war upon you—" an economic war. "For using such an expression—in a way that has never been done before—by the Soviet Union, we shall win over the United States. The threat to the United States, as far as I can see, is in the field of production.

"We shall not give in. We shall fight. We shall work. We shall organize. We shall build. We shall grow. We shall trade. We shall produce. We shall consume. We shall live. We shall believe. We shall die. We shall be victorious."

This statement is not reassuring to those who are concerned with the future of the United States economy. The message is clear and the implications are disturbing.

Now if such a statement had been made by a Soviet leader 10 or 15 years ago, I suggest that most of us would have been inclined to think that was just the nutcase Khruischev talking. If he had made that statement, he would have been regarded as a madman. But now the world has changed and this statement is not so much a threat as a warning.

We in the United States—and in fact in all of the world—have been so preoccupied with World War II that we have not paid much attention to the possibilities of economic warfare. We have been preoccupied with the threat of a military war and we have not given enough thought to the threat of a economic war. We have been preoccupied with the threat of a military war and we have not given enough thought to the threat of an economic war. We have been preoccupied with the threat of a military war and we have not given enough thought to the threat of an economic war. We have been preoccupied with the threat of a military war and we have not given enough thought to the threat of an economic war. We have been preoccupied with the threat of a military war and we have not given enough thought to the threat of an economic war.

Failed to Perceive Economic Threat

We have realized for a long time that the Soviet Union is a great power. We have realized that it is a great power and we have underestimated its power. We have understated it and need to meet the challenge to its military threat. It is not so clear.

"An address by Mr. Dillon before the National Press Club, Detroit, Mich., Jan. 27, 1955."
### 1957 Annual Report Summary

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Net Income</th>
<th>Dividends Paid</th>
<th>Shares Outstanding</th>
<th>Number of Stockholders</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>$1,395,028,817</td>
<td>133,740,818</td>
<td>108,307,512</td>
<td>30,067,123</td>
<td>123,913</td>
<td>77,000</td>
</tr>
<tr>
<td>1956</td>
<td>$1,304,124,777</td>
<td>146,233,444</td>
<td>91,956,693</td>
<td>30,088,510</td>
<td>118,391</td>
<td>79,000</td>
</tr>
</tbody>
</table>


Copies of the complete 1957 Annual Report of Union Carbide Corporation will be furnished on request. An illustrated booklet describing the products and processes of Union Carbide also is available. If you wish copies of these booklets, please write to the Secretary, Union Carbide Corporation, 50 East 42nd Street, New York 17, N.Y.

**UCC's Trade-marked Products include:**
- Bakelite, Vynite, and Kynar Plastics
- Vynilene Foil Coatings
- Perspex Acrylic Resins
- Polyethylene Gas
- Union Calcium Carbide
- National Carbon
- Synthetic Organic Chemicals
- Haynes Stellite Alloys
- Evergreen Flashlights and Batteries
- Linde Oxygen
- Prest-O-Eite Asbestos
- Vynite Plastic Film
- Union Carbide Silicons
- Arcoson
- Electrodes
- Electrolyte Alloys and Metals

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![Graphs showing sales, net income, and dividends paid over the years 1946 to 1957.](http://example.com/graphs)

![Bar graph showing number of stockholders over the years 1946 to 1957.](http://example.com/bar-graph)
The Crisis in American Unionism

By EDWIN E. YETTE

Distinguished Visiting Professor of Economics and Industrial Relations, Michigan State University, East Lansing, Mich.

After recalling lucky prediction of Taft-Hartley Act’s effect upon labor, one of America’s top economists ventures conditional forecast that conservative administration may be able to meet Congressional attacks at limits its existence, or effectiveness, and suffers slinging defeats in coming negotiations while unemployment mounts and farm prices slide. The recession adds 1958 a bad year for wage increases and may induce more strikes; (2) public will support management’s resistance to labor demands; (3) more legislative restrictions on labor activities; (4) more restrictive union, industrial disputes agreements, and illegal practices code have not solved labor’s problems. Author discusses economic and social factors adversely affecting union membership gains, and labor unions.

The recession has lessened the prospects for union growth. The upswing in union membership early in the Roosevelt Administration began when the American labor movement hit a low point in more than 15 years. But this occurred after three years of depression. In all other depressions since 1929, labor unions have usually organized in the early 19th century, and then in the 1850’s and 1860’s, has been often drastically. There are no statistics as to what has happened since 1929. But during these last months, there is every reason to believe that union membership has increased. The state of the employment, union membership has also decreased.

Adverse Growth Factors

The depression and the social and political factors which adversely affected union growth in the near future. Perhaps the most basic among these is the continuing depression, which has been occurring in the American labor force.

Among these is the remarkable growth in the number of women workers. At the turn of the century, about one-sixth of the labor force was composed of women, of mostly of small size, and some of the manufacturing industries, such as clothing and textiles. Today the percentage of the women workers in our labor force (40%) is the highest in the world. Of the old women employees in the factories, the National Bureau of Economic Research has observed a phenomenal growth of women employees in clerical and other white-collar jobs, which has increased in the production of automobiles, textiles, and other industries.

The women workers, especially those who are in industries. When I was working for the Census Bureau in the textile industry, being principally young girls, prior to marriage, and older immigrant, or Negro women. Today, as Dr. Henry Davis, Executive Director of the United Auto Workers Council of Columbia University, has said, “By now the young woman widely is the chief of immigrant origin or Negro, and she is the woman who can be considered a poor labor. She is the women who are not out of sheer economic necessity.”

Sixty percent of women workers are married and nearly half of them are over 40 years of age.

The remarkable increase in the women workers has confronted labor unions with a new problem, which they have not been able to cope with. The outlook of the women workers is different from that of the part-time employees who see little need for organization. Women, moreover, are predominantly intermittent workers, rather than full-time working full time in industry.

Continued on page 36
Report on the Progress of The Fluor Corporation, Ltd.

Record fiscal year produces highest sales and net earnings in the history of this international engineering-construction firm

Fluor’s remarkable growth during the past eight years culminated in new records, both for consolidated sales and net earnings, during the fiscal year ended October 31, 1957. The company’s year-end backlog of uncompleted work also was the highest in its experience. Shareholders’ equity in the company reached an all-time high, showing a one-year increase of $2,763,334, or $2.67 a share, after the payment of $768,118 in dividends. Net earnings represented a return of 16.6% on shareholders’ equity. (The company has earned an average of 16.4% on shareholders’ equity since 1942.) You can secure a copy of Fluor’s 1957 Annual Report by writing to Department B, The Fluor Corporation, Ltd., 2500 South Atlantic Boulevard, Los Angeles 22, California.

Highlights from Fluor’s 1957 Annual Report (Fiscal years ended October 31)

<table>
<thead>
<tr>
<th>1957</th>
<th>1956</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$152,432,935</td>
</tr>
<tr>
<td>Net earnings</td>
<td>2,632,672</td>
</tr>
<tr>
<td>Per share*</td>
<td>3.46</td>
</tr>
<tr>
<td>Dividends—per share*</td>
<td>1.05</td>
</tr>
<tr>
<td>Net working capital</td>
<td>9,069,304</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>15,861,243</td>
</tr>
<tr>
<td>Backlog, October 31</td>
<td>150,000,000</td>
</tr>
</tbody>
</table>

*Adjusted for 20% stock dividend in 1957. Current annual dividend rate, $1.20 per share.
A Trustman Looks at Common Stocks and Consequences

By BURTON MILLER

Vice-President in Charge of Trust Investments

The National City Bank of Cleveland, Cleveland, Ohio

Cleveland banker doubly emphasizes that "what specific stocks our customers own is far more important than whether they own any stocks at all as in a "class." After exploring the "imperfect correlation" between performance of equities and the changing purchasing power of money, Mr. Miller proceeds to the trustee's problem of making an adequate defense to retain advantages of common stocks and avoid their weaknesses.

I propose to submit a brief, factual survey of some of the big general principles and specific problems for those managing in trust investments. Perhaps this translation of the ordinary concepts of arithmetic will sharpen just a bit our judgment on the exhibits, and fill in the particular needs of many investors found in any trust operation.

Consumer Prices vs. Stock Prices

We have been reminded of the importance of the common stock performance and the changes in the consumer prices which we need not look for, illustration of the accuracy of the stock price index. The consumer price index, for example, the Department of Labor Statistics Consumer Price Index, has increased considerably in the 11 years following World War II, the Bureau of Labor Statistics Consumer Price Index increased 44%.

In the 10 years following World War I to 1923-1929, the index fluctuated but ended the period almost precisely where it began, but it was stated here a few moments ago that there was an approximately 20% decline in the consumer price index, whereas the index was almost double in the period from 1923 to 1929, and there was another recession in 1930 and 1931. The Dow Jones Industrial Stock Index, which was 250 in 1929, fell to 42 in 1932, and the index fluctuated in the 20's, peaking at 28, then declining to 12 in 1932. The Dow Jones Industrial Stock Index rose to 194 in 1937. The index was 264 in 1946.

Diverse Performance Among Stocks

In using a selective index like the Dow Jones Industrial, the Dow Jones Industrial Stock Index, as a measure of common stock performance, we are assuming that we are investing in an index which is representative of all the issues which are included in the index; but that is not the case. The Dow Jones Industrial Stock Index includes 20 issues, whereas the total number of 1947 was 1,445.

A more careful index is the National City Bank & Trust Company's composite index. This index includes approximately 300 issues, but it is not a comprehensive index of all the issues which are traded in the market.

The Dow Jones Industrial Stock Index includes 20 issues, whereas the total number of 1947 was 1,445. The National City Bank & Trust Company's composite index includes 300 issues, but it is not a comprehensive index of all the issues which are traded in the market.

The Dow Jones Industrial Stock Index includes 20 issues, whereas the total number of 1947 was 1,445. The National City Bank & Trust Company's composite index includes 300 issues, but it is not a comprehensive index of all the issues which are traded in the market.
Columbia Gas continued to grow in 1957

Highlights of the Year

Earnings... Net income reached an all-time high of $30,453,000.

Gross Revenues... A new record of $376,075,000 was established, marking ten consecutive years of increased sales.

House Heating... The System served at retail 66,000 additional house-heating customers — a total of 1,107,000.

Consumption... Average consumption per residential customer was 133.8 Mcf, up 19% since 1952.

Reserves... Columbia initiated programs for Louisiana exploration and deep-well Appalachian drilling.

Hydrocarbons... Columbia Hydrocarbon Corporation was formed to extract heavier hydrocarbons from rich gas streams in Kentucky and West Virginia.

Automation... To improve efficiency and economy, the System added automatic and electronic equipment in transmission, distribution and accounting.

Throughout its service territory — Ohio, Pennsylvania, West Virginia, Kentucky, Virginia, Maryland and southern New York — natural gas continues to be the preferred fuel for home and industry. To learn how Columbia is meeting the ever-increasing natural gas requirements of this vital area, write for your copy of our Annual Report.
America at the Crossroads

By HARVEY WILLIAMS* President, Philco International Corporation

Not inaction, but enlightened, vigorous cooperation by implement a system to counteract and overcome the economic and trade threat and type of warfare being waged by the Soviet Union in underdeveloped countries, is urged by Mr. Williams. He says that if we act now, he warns that by 1968, at present growth rates, there will be a 450 million larger world population and that this "fantastic growth, accompanied by massive production of hydrogen bombs or intercontinental missiles," says that adequate, cooperative programs to meet the needs of this growing population is the key to the world's growing population.

At present, it is estimated that there will be at least 450,000,000 more people in the world by 1968—feeding food, clothing, shelter and other facilities for a better way of life, the most serious threat to the present population of North and South America combined.

Pens Great Threat

This problem, he notes, accompanied by fervent nationalism, can be a greater threat to the safety of the United States and the Free World than hydrogen bombs or intercontinental missiles. Alternatively, it can be the basis of a new spiritual freedom and material prosperity for all people throughout the world that realize that poverty and hunger could be inevitable. They have become more aware of the need for seeking standards of living. The world-wide political implications of this, combined with the startling technological "breakthrough" of the past decade are shaking traditional economic and political concepts of the foundations.

In this fluid situation, the "cold war" has taken on an entirely new pattern, with Russia using trade and aid as new weapons in an undeclared but effective program to erode the Free World and extend the borders of the Communist empire. Let us look at examples:

Syria — A Russian loan to finance $100,000,000 of railway construction; two oil refineries in El Raqa; and hydro-electric stations to supply most of the country's water for mineral survey and fertilizer factor. Repayment is to be made in Syrian pounds.

Egypt — Russian purchases of cotton increased from 5% to 30% of the Egyptian crop. Lack of dollar and sterling exchange forcing Nasser to import raw materials for machinery from Russia.

India — $67,000,000 in loans from Czechoslovakia reported in the Dec. 30, 1957 issue of the London Times. This money will probably be used for making nylon, cardboard, steel and other products.

Indonesia—$100,000,000 in Russian loan recently accepted just when Reproduction in whole or in part without permission is prohibited.
portance of the private enterprise sector in such a program. And finally, a Congress set up, as was done in the Reconst-
struction Finance and the War Production Board, a group of men experienced in in-
ternational trade and economics, finance, management, labor ad-
midulation and the successful development of private enterprise abroad was necessary for reas-
(tivating such a program rapidly, effectively and constructively.

Pennsylvania Electric 4% Bonds Offered

Equitable Securities Corporation and associates offered public-
licity on Feb. 25 $29,000,000 of Pennsylvania Electric Co. first
mortgage bonds, 4% series, due March 1, 1988, at 100.034% to
yield 3.96% to maturity. The group was awarded the issue at
a competitive sale Feb. 24 on a bid of 100.11% for the indicated
coupon.

From the proceeds, $7,000,000 will be used in the repayment of
short-term bank loans, approximately

20,500,000 will be applied to the cost of the company's 1956
construction program, and the balance will be used to
restructure the company's trea-

sury for a small part of construc-
tion expenditures made prior to
1938.

The new bonds are redeemable at regular redemption prices
ranging from 104.88% to 105% and at special redemption prices
ranging from 100.82% to 100%.

Pennsylvania Electric, a subsidiary of General Public Utilities
Corp., is principally in the busi-
ness of supplying electric power in a territory stretching from
western, northern and south central Penn
sylvania, aggregating approximately
17,400 square miles.

Total operating revenues in 1957 amounted to $72,337,366 and
net income to $14,444,172, com-
pared with total operating rev-
ues of $80,231,802 and net in-
come of $13,541,497 in 1956.

Rejoins A. G. Edwards

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—John A. Ladd
Jr., has rejoined A. G. Edwards &
Sons, 400 North Eighth Street, mem-
ers of the New York and Midwest Stock Exchanges. He has
recently been with Dean Witter &
Co.

Eastman Dillon to

Admit Leroy & Roberts

Eastman Dillon, Union Securi-
ties & Co., 15 Broad Street, New
York City, members of the New
York Stock Exchange, will admit
Charles V. Leroy and Willis L.
Roberts to partnership on March
6th. Mr. Roberts will make his
headquarters in the firm's Chicago
office, 135 South La Salle Street,
where he is manager of the in-
vestment department.

Another outstanding year

During 1957 Household Finance
Corporation continued its growth and
remains the oldest and largest organi-
ization engaged exclusively in making installment cash loans
to individuals and families in the
United States and Canada.

Net earnings for stockholders
increased 11.5% over net income of
the previous year. Household
recognizes a responsibility to
discourage imprudent borrowing.

Loans are granted when they
appear to be the best solution to a
temporary financial problem.

The Company's success stems
from providing this needed
service with promptness and
understanding.

With Metropolitan St. Louis

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Keith F.
Stoecker has become associated
with Metropolitan St. Louis Com-
pany, 315 North Seventh Street,
members of the Midwest Stock
Exchange.

With Robert Schweser

(Special to The Financial Chronicle)

OMAHA, Neb.—Nelson M. Schweser is now with Robert E.
Schweser Company, 208 South 19th Street.

D. E. Beattie Opens

SEATTLE, Wash.—Dr. Elgar E.
Beattie is engaging in a securities
business from offices at 6341
26th Avenue, North East under
the firm name of D. E. Beattie Co.

He was formerly with John R.
Lewis, Inc.
conventional financing as opposed to that supported by the government and make maximum use of savings and loan association funds. I would therefore urge mortgage originators to plan their operations so as to require the least possible reliance on Federal assistance. In this way, the nation's housing industry will remain healthy and strong, and the private enterprise system free of government restrictions and control.

**Conclusions**

In reviewing recent developments, I believe that the majority of the housing industry is moving along the path of conventional home loans because it is the soundest route to financing that never fails. I would hate to be one of those who might have hesitated to finance a needed housing project. We should be proud of ourselves. I do not see that there is any reason for a complete halt in conventional home financing which, he declares, is the backbone of savings and loan associations.

Continue to emphasize conventional lending simply because we feel that there is no better, more efficient, easier, or more intelligent way to do it. I am sure that many are aware of the standing of savings and loans in financing. We are the chief source of mortgage credit, and no doubt about it. Mortgages are the weakest links in the housing chain. Despite the fact that we have equalled the total holdings of life insurance companies in mortgage loans, and our mortgage loans have been added to without our being the cause for many months. We have been willing to make mortgage money that will be used to build nearly 1,100,000 new dwellings in 1958. And, if government action prevents us from mortgaging money—either by further credit restriction or a higher rate of mortgage financing may become more readily available to many people.

With this in prospect, now is the time to plan the housing project. If skillful construction and economic salesmanship are available to the people, the savings associations can show the taxpayers the way to solve the housing problem on a larger volume of business in 1958.

**Recent Changes**

Several very important aids to conventional housing are being made by the Federal Home Loan Bank Board in recent months. The most important of the announcements is the institution of a mortgage insurance which permits insured savings and loan associations to make their mortgage funds in home financing operations by other institutions of the Federal type—30, 35, 40 miles above the normal 30-mile lending area. This is a very important change. The savings associations are not able to render this service as it is now the onus of the savings and loan associations to loan and finance

**Relaxing on Federal Assistance**

The government assisted housing programs showed a gain of 1,000 in 1957, and the government is indicating that the program will continue. The government is planning to continue the program for the next few years. It is important to note that the government is increasing the amount of money that will be available to the housing industry. This is a very important change. The savings associations are not able to render this service as it is now the onus of the savings and loan associations to loan and finance

**Twin City Women's Club To Hear Bond Attorney**

Twin City Women's Club will meet at 8:00 p.m. on Thursday, March 16th at the Town and Country Club, St. Paul, Minnesota. Mr. Robert L. Howard, a representative of the White House to curb Federal subsidies to farmers and to cities will speak on banking and renovation programs. It is not entirely impossible to make a balanced mortgage market. The government can act as a buffer between savers and borrowers. The government not only provides capital, but it also provides the framework for the mortgage market. The government is planning to continue the program for the next few years. It is important to note that the government is increasing the amount of money that will be available to the housing industry. This is a very important change.
British Views on Inflation Policies in the United States

By PAUL EINZIG

American's recent shift to a "reflation" policy is found to have a disheartening effect on battle against inflation in Britain. By Dr. Einzig who poses the question whether changed American policy is not a reflection of the "easing" of economic conditions in the United States and its attendant rising prices, leading to a "springtime" in Europe

The First-Liberty National Bank of Ansonia, Conn., has been named by the Federal Reserve Board as the new name of the Ansonia National Bank of Ansonia, Conn., which merged with the New Haven Trust Company of New Haven, Conn., and the New Haven Union Bank, effective Feb. 28.

By the sale of new stock, the common capital stock of The Home National Bank and Trust Company of Meriden, Conn., was increased from $200,000 to $500,000 effective Feb. 10. (Number of shares outstanding-100,000 shares, par value $5).

The Amosia National Bank, Ansonia, Connecticut, with common stock of $200,000, was merged with and into The Union National Bank and Trust Company of New Haven, Conn., effective Jan. 14.

The New Haven Union National Bank, Ansonia, was named by the Federal Reserve Board as the new name of the New Haven Trust Company of New Haven, Conn., which merged with the New Haven Union Trust Company of New Haven, Conn., and the New Haven Union Bank, effective Feb. 28. (Number of shares outstanding-60,000 shares, par value $25).

By a stock dividend, the common capital stock of the Hopkins Valley National Bank of Cashiers, Ala., was increased from $100,000 to $150,000 effective Feb. 10. (Number of shares outstanding-10,000 shares, par value $10).

By a stock dividend, the Hadley National Bank, Hadleyfield, Conn., was increased from $200,000 to $500,000 effective Feb. 14. (Number of shares outstanding-25,000 shares, par value $20).

By a stock dividend, the Continental National Bank and Trust Company of Chicago, Illinois, was increased from $300,000 to $750,000 effective Feb. 11. (Number of shares outstanding-50,000 shares, par value $15).

The Drovers National Bank of Chicago, Illinois increased its common capital stock from $300,000 to $2,000,000 by a stock dividend effective Feb. 12. (Number of shares outstanding-25,000 shares, par value $5).

Don R. Armstrong and Paul Hamilton have been elected to the Board of Directors of the Central Bank of Kansas City, Mo.

Two of the four directors who were named: Charles J. Maynor and Hugh G. Pach, Jr.

Mr. Maynor began his banking career with the Bank of America in Vallejo, Calif., and later was associated with the Community State Bank and Park National Bank of Kansas City.

Mr. Pach has been associated with the First Bank of Kansas City from its organization in 1945 through the years.

Leo A. Fisher, Vice-President and Director of the Bank of Bloomington, Ill., has been elected by the Board of Directors of the Bank of St. Louis, Missouri.

Albert M. Bricky, Jr., former President of the National Bank of Kingsport, Tenn., has been named Vice-President and Director of the National Bank of Kingsport, Tenn., Tennessee.

The common capital stock of The First National Bank of Gainsville, Florida was increased from $200,000 to $400,000 effective Feb. 11. (Number of shares outstanding-20,000 shares, par value $10).

By a stock dividend, the common capital stock of The First National Bank of Dothan, Alabama was increased from $650,000 to $1,200,000 effective Feb. 11. (Number of shares outstanding-12,000 shares, par value $25).

"The First-Liberty National Bank" of Liberty, Tex., has changed its title to "The First Liberty National Bank" effective Feb. 15.

Frank L. King, President of the First National Bank of Los Angeles, Calif., announced that the bank, which occupies the building on the southwest corner of Sixth and Spring Streets in downtown Los Angeles, Calif., had a cost of $150,000, and that the building has been completed. The bank expects to be open approximately three-fourths of the building and the fourth basement level will contain the safe deposit and securities vaults.

Chappell to Aid Drive for N.Y. Public Library

William B. Chappell will help the New York Public Library in its 1958 appeal for funds. It has been announced that he is now Chairman of the Board of Directors of the Chappell, who is Vice-President and Director of the First Boston Corporation.

Mr. Chappell will seek to enlist the aid of a number of wealthy bankers and corporate leaders in a campaign to raise a million dollars for the Central Reference Library at 42nd Street.

Mr. Chappell, who heads a group of business and civic leaders working to help the library, is an active supporter of the library's campaign.

Although the Fifth Avenue Library, which serves the corporation, has been publicly supported institution, Mr. Chappell pointed out that the only available appeal for funds for the physical support of the library's work is the annual fund appeal. The library is also open to corporate leaders and other major gifts.

Mr. Chappell believes that the Reference Library's needs are met by a campaign to raise the last $2 million of the $4 million to be raised. This amount is necessary to upgrade the existing reading room.

Mr. Chappell compared the $400,000 sum which John D. Rockefeller, Jr., has given to the library's campaign to the original $15,000,000 which the library was able to raise for the library's $15,000,000 reference library for one year.

The library has raised $1,750,000 for the library's 1,000,000-volume collection, which is expected to be completed by 1958, in 1957.

Mr. Chappell has said that the library will be completed by 1958, in 1957.

Two With J. C. Roberts (Special to The Financial Chronicle)

SPRINGFIELD, Mass.—Edward F. J. Roberts, who has joined the staff of Jay C. Roberts & Co., has joined the staff of Jay C. Roberts & Co., 18 Vernon Street.

With Schirmer, Atherton

BOSTON, Mass.—Newton C. Burnett is now with Schirmer, Atherton & Co., 31 Congress Street, members of the New York and Boston Stock Exchanges.
sound barrier, creating a noisy political atmosphere. The several rating agencies—Treasury securities are graded AAA and may have flirted with the idea—prematurely—of setting out the 4%. The Treasury is currently at the rate of 4.3%, and May the issue went at a 4.17% average and the 30-year bond at 4.3%.

And the Treasury used such a small part of its total, two note issues, and one bond issue. It looked as though the Treasury would be a debtor, but that is not the case. But the Senate Finance Comm-

Committee had said that the deficit was at $10 billion, and the condition of the United States provided a forum for sounding off on the deficit.

The Tide was turned. The Treasury bill yields have fallen to 2.5%. The rule proved inviolate that 31-day Treasury bills are due to 4% until 1960.

Of course we are entering the "era of peace," said one observer, and the deficit should not think in 1958. Some people will say that tight money is a matter of gesture. The political leaders will insist on easy money. They will point to the facts that we have heard this before—for example in 1944 and 1964—and been successful. There is a reason that little as political leaders like tight money. They are responsible for price inflation even if they don't want it.

Why were Treasury bill yields allowed to pass above 1% in 1949, when the Federal Reserve had said in 1958 that all the Treasury bills were sold at par or above par in the open market? Because people do not like rising prices. And cheap money is identified with cheaper prices.

This Presidential year forecasted by the President for the current year, if political leaders had not fought so hard against the natural rising tendency of interest rates, restrictive credit policies could have been much more effective, and with less reluctance, earlier in the postwar period, we could have avoided a good deal of the continuing erosion of the dollar. And it is believed that this is the most fundamental factor making for the failure of the restrictive credit policies.

"Real" Interest Rates Are Zero

As a matter of fact, when one takes into account not only the rate of inflation, but also the rate of taxation, interest rates in the real sense are not only at 2% but are below a zero level. This creates an inequitable and unstable condition, for as long as we do not discover what is being done to us we feel an impetus to put more of our money in equity forms. But this is only one of the aspects of the demand for real estate investments has been the burdened by the Federal Reserve. It has been the burdened by the Federal Reserve.

We have the priority of mutual funds, the goal of which is to secure for lines of market and importance.

The Business Outlook

Now, what is the most common economic situation? The most common expectation, I know, is that the dip will be over in 1949 and 1954. But there are some who warn that we may be in something longer or deeper. They cite historical parallels. A decade or more ago, we had the crash of the twenties and the depression. What will we have to expect? What will we have to expect? This is the most important question.

The demand for real estate investment property may be curtailed rather sharply when signs that appear to be improving continue to improve. We go into a more or less serious readjustment until we get back to the real estate market.

We keep up on our tax his-
Our Reporters on Governments

By JOHN T. CHIPPENDALE, JR.

The long awaited decrease in reserve requirements of member banks of the Federal Reserve System has been held off by the Federal Reserve Board, reduced by 1% across the board. The banks will now have to keep with the Federal Reserve Banks is not considered to be a large change, but this decrease in interest rates which now have to be borrowed will be on the liberal side. It is expected that the banks will now have to maximum the various powers they have at their disposal to reduce or lower the rate of interest. The new 1% of reserves will be looking for in the financial district.

With the decrease in reserve requirements and the increase in the debt limit (the latter came along this week), the Treasury is short of money and needs to borrow an additional $660 million. The surprise new intermediary term bond, bearing 3% in 1966, is expected to appeal to the deposit banks, since these institutions now have the funds which can be put to work in such security.

First Addition to Money Supply

The $500 million which was released from the reserved reserve requirements of the member banks can be considered as a basis for an expansion of credit in the amount of approximately $3 billion. This was the first move by the monetary authorities to put real money into the banking system. The reductions in the discount rate made it cheaper to borrow and it did not add to the supply of money. The banks have taken out just about all the credit which was pumped into the system by the Central Banks in order to help the financing of the Christmas business.

The cut in reserve requirements provides more than enough to keep the banks with enough funds to meet the scheduled 1% of increase in the reserve requirement. The funds will be used to cover the commercial banks which could be used to cover the return of the funds to the banks in the first six months of the year. The banks will be able to keep the commercial banks funds which could be used to cover the commercial banks.

Treasury's New Money Borrowings Sizable

The Treasury will have to be in the market again soon in order to raise money, and the bulk of not all of the securities which will be sold will be taken by the deposit institutions. The member banks, as a whole, were in no position to absorb new issues of Treasury bonds. The banks were in need of funds, and in order to make this possible the Federal Reserve Board made a modest cut in required reserves.

The new money raising operation of the Treasury will come in the near future, probably by April at the latest, and a rise in the volume of Treasury bonds which will be fully available by then to the deposit banks and should be very important in absorbing a great deal of the new money issued, which are of the total amount of $4 billion.

"Fastest and Most Effective" Procedure

Even though a change in reserve requirements is one of the most rigid ways in which to put funds into the money market, it is probably the fastest and most effective way. The Treasury has in its current operation and by refunding part of its recent maturities into longer-term issues has been able to limit the amount of new money that would have been available to the market. As a result, the Central Banks are now in a position to absorb new issues of Treasury bonds and thereby keep the market clearing.

Martin's Views on Reserve Requirements

Federal Reserve Board Chairman Martin last week told the Senate Banking Committee, that legislation to change the way in which reserve requirements of member banks of the system are determined might be introduced before this session of Congress is over. There is considerable controversy on this subject and not a few money market specialists are very adamant in their opinion that reserve requirements are still too high and further reductions will have to be made in the future. They point out that the economy has grown very rapidly in late years, and this means that more money must be in circulation to keep the banks in the system in order to operate in an efficient and effective manner. They believe that reserve requirements will continue to be lower, even if there is a reversal in the trend of business.

George Nelson Co.

George Nelson Company is engaging in a securities business with Mr. Irving Tush

With First International Bank

DENVER, Colo.—W. Lee Johnson, President of First National Bank, has announced that his firm has now been acquired by First National Bank of Denver. In the past he was in the investment business in Dallas.

With Investment Service

DENVER, Colo.—Wilson B. Lee, President of First National Bank, has announced that he has been affiliated with First National Bank and will continue to stay in the investment business in the city of Denver.
Public Utility Securities

By Owen Ely

Pacific Lighting Corporation

The Pacific Lighting System serves a population of 7,400,000 — almost one-fifth of the total population of the state of California — located in the southwestern border area of southern California, including Los Angeles. The territory comprises rich farm areas and important industrial centers. Most of the valleys are protected by the coastal range, with almost complete space heating saturation. Domestic and commercial sales properties total 60,000,000 kilowatt hours.

All natural gas is purchased, El Paso Natural Gas supplying about 75% of system requirements and California producers 25%. Gas is purchased in large quantities at wholesale rates. The average load of Jan. 29, 1957 was 1,977 million cu. ft. and the company estimated that its gas requirements for the year 1958 will average about 860,000,000 cu. ft.

The company furnished electric power to an approximate 684 square miles, having a population of about 1,400,000 comprising the entire District of Columbia and the northern Maryland and Virginia.

The new preferred stock is redeemable at the option of the company at par ranging from $33.75 if redeemed on or before March 1, 1963, to $31 if after March 1, 1966. It is non-cumulative and none of the unpaid dividends.

For the year ended Dec. 31, 1957, operating revenues of the company were $689,576,780 and net income after taxes was $36,580,000. Operating revenues of $65,756,332 and net income of $31,000 for the year ended Dec. 31, 1956.

W. J. Hartigan With Sheaross, Hammill

HARTRIDGE, Conn.—William J. Hartigan, former newsman and newspaper consultant and has written for leading financial publications. He was formerly public relations director of the Hartford College of Law.

AREAS RESOURCE BOOK

explain why the area we serve is a prime opportunity to industry.

TREASURE CHEST OF OPPORTUNITIES

GROWING WEST

WRITE FOR FREE BOOKLET

UTAH POWER & LIGHT CO.
Serving in Utah - Idaho
Colorado - Wyoming

Research and Development Are Vital

Although this record of plant building may appear impressive, I should point out that the real strength of America’s atomic power program does not lie in the number of electric kilowatts we can now produce but rather in the fact that already we are in train to achieve the largest nuclear plants in the world.

In all five of these plants the large utilities concerned and the operator nuclear reactors as well the rest of the generating facilities. Two of them will be financed entirely by private industry, and the other three are receiving some AFC assistance. It is further to be noted that, in 1962, they will bring this country’s total output of atomic power plants to 1,500,000 kilowatts.

Five more electric utility industries are in the longer-range phases of planning and development discussion. One, being undertaken by the Carolinas-Virginia Nuclear Power Group, would consist of a plant toward a 17,000 kilowatt heavy water moderated reactor in Scranton, Pennsylvania.

The Electro Nuclear Power Station, to be undertaken by the Florida West Coast Nuclear Power Group, would consist of a 65,000 kilowatt plant.

Five Pennsylvania Power and Light Company and Westinghouse Electric Corporation are continuing research and development of an all-sodium nuclear reactor, looking toward construction of a 2,000,000 kilowatt plant by late 1963.

Pacific Gas and Electric Company, while not alone or in partnership with other California independents, is still proceeding to prepare construction of a large-scale nuclear plant involving a heavy water moderated reactor under consideration is a large scale, single region boiling water reactor.

And the New England Electric Power Company, building a large scale nuclear power plant to its system by 1960.
The Plight of Small Business

BY ROGER W. BABBON

Well known business-financial commentator calls attention to plight of small business and, though in favor of laissez-faire, believes that so long as Government aid is being rendered we "would be justified in guaranteeing reasonable loans to small bankers and businesses." He regrets that small business is often the one to suffer. But as business grows, the large business is left to face prosperity and only small business is left to face the depression.

I very seldom refer to political matters in writing. If I ever have with there was some way I could interest readers in writing to the Washington Post, thinking the serious the situation is for small businessmen. I have been in business for many years, in tight, it is clear that after the passing the past year, three small businessmen are the real sufferers. Bankers are not loan money but they are first in their list, although there are two real "big businesses." Furthermore the majority of failures are among those who are very much in their hands. These are large concerns, hence, your local bankers and the big business companies and they cannot blame the bankers. I am not much for more government aid, I believe that the banker is there to help business, end to cut it all out to—farmers. It was done to the farmers and became a reference for the veterans. For a good many years our country prospered on a liberal, free society, and the present aid to programs groups will turn us into a socialist grand collapse, when we must all start over again without government aid. However, I hope that the aid will not come yet. The contractor and those that have small houses own because the increased costs, are aided by gov- ernment guarantee of a portion of their loan when they build a new house. In the same way, the govern- ment is giving us the big business with guaranteeing reasonable loans to the small businessmen. The bills are needed. The poverty of those that have small costs are aided by the government, and they provide mail competition. The hope of the consumer is to keep both the big businesses and small businesses and provide "free trade" is the way to keep both. The bills are needed and to keep both kinds. The hope of the consumer is to keep both the big businesses and small businesses and provide mail competition. The hope of the consumer is to keep both the big businesses and small businesses and provide mail competition. The hope of the consumer is to keep both the big businesses and small businesses and provide mail competition.

Pricing Which You Pay

In addition to urging your Sen- ates and Representatives to help protect small businesses, the reader can help by patronizing them. It is simply "boycotting big business." Both big business and small business have their usefulness. Each group is needed by the other. Will this mean that Big business will suffer out of its own selfishness, without the small business? The hope of the consumer is to keep both the big businesses and small businesses and provide mail competition.

In the "Financial Chronicle" of Feb. 20, it was reported that the "U.S. has formed to engage in a securities business. This is in error. The Bamm Corporation is engaged in the business of manufacturing and exporting to commercial eating es- tablishments its "Koffeymen." That the firm of Willie E. Burrus, 130 Broadway, New York City, are the underwriters for a $600,000 5-year convertible debenture (sub- ordinates), due Jan. 1, 1968, and the price at which the bonds are being sold is $50.00 per share.

Two With H. L. Jamieson

Scannell With Swift

OAKLAND, Calif. (Special to The Financial Chronicle) — Charles C. Wells, member of the Philadelphia-Baltimore Stock Ex- change, passed away Feb. 14th. Mr. Wells had been a member of the Exchange since 1926.

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OAKLAND, Calif. (Special to The Financial Chronicle) — Charles C. Wells, member of the Philadelphia-Baltimore Stock Ex- change, passed away Feb. 14th. Mr. Wells had been a member of the Exchange since 1926.
The great depression in 1929 was a consequence of the economic instability and its aftermath that took years to resolve. This period was marked by a significant downturn in economic activity, leading to widespread unemployment and reduced consumer spending. The unemployment rate in the United States alone reached 25% at its peak in 1933. The Great Depression lasted from 1929 to 1939 and had a profound impact on the global economy, leading to widespread hardship and social unrest. The Great Depression was caused by a combination of factors, including overproduction, reckless stock market speculation, and the failure of banks and financial institutions. The United States emerged from the Great Depression in the late 1930s, but the long-term effects of the economic instability were felt for decades to come. The recovery was slow and gradual, with a gradual increase in consumer spending and business investment. The United States and other countries implemented various policies to stimulate the economy and provide relief to those affected by the depression. Despite the economic challenges, the United States eventually emerged from the Great Depression as a stronger and more resilient economy.
An Executive Looks at the Courts

frequently judges are called upon to rule on difficult technical, and delicate legal issues. Increasingly they simply defer to the judgment of technical experts because of the complexity of the problems. I hope that we will be able to develop a mechanism for giving effective consideration to this important matter in the near future.

(2) Reasonable controls and penalties should be provided for the prevention of tax evasion by administrative agencies. A businessman, quite naturally, is not particularly interested in the mechanics of reducing the burden on him of tax payments. If he must do it, he does it, but he may have serious and far-reaching consequences for business and the public. I do not question the necessity of the federal and state laws that have burdened judicial machinery by requiring it to pass upon the right of a court to circumscribe the power of another branch of government. I hope that the agency in question was created because of an urgent need and that it is performing its function. The agencies in question may be well established and may have serious and far-reaching consequences for business and the public.

The administrative agencies deal with great issues and have great power. Already many key areas of governmental jurisdictions — commonwealths, public utilities, to mention a few — are subject to the decisions of administrative agencies. As a result, new and enormous areas of jurisdiction are being developed. Under these new circumstances we are far less able to use collective bargaining or similar remedies to make available to the courts in dealing with their cases, and the administrative agencies in dealing with the business enterprises involved they can be matters of life or death. I do not see any simple solution to this important problem. But I suggest for consideration the desirability of making available to the courts, both at the trial and on appeal, all the relevant evidence desired by the parties to the suit, and by the parties to the suit. It may be desirable to consider the establishment of some Supreme Court decisions and to the business enterprises involved they can be matters of life or death.

What Laymen Can Do for Justice

Every layman has a stake in the law, is self-evident. Therefore, it behooves each individual, as professionals, to do what they can to support the administration of justice. I fear that some of the necessary changes are not as essential as some of the changes may be necessary. I do not question that we should support the administration of justice, that is the entire business. It is a change of course, intended simply to point a direction of thought. Other constitutional clauses and the efficiency of the administration of justice. Only through the power of judicial action can be achieved.

(4) The physical facilities of our courts must be improved. The crowded courtroom, the unsanitary air, and the over-crowded conditions in many a judicial chamber defy all the dignity of the efficiency of the administration of justice. The public and the Bench are not equal to the task.

The improvement of physical facilities challenges the renunciation of all opposition to the understanding and support of judicial reform, and the facilities available for judicial work. The intervention of dedicated laymen can help improve弥and to remove obstacles and to break down obstructions.

In my own State, New York, the Fundamental Judges under the leadership of a Temperance Judge have gone to rescue the judicial setup from a state of moribundness, and from overlapping courts, most of which have existed for over a century. The decision to establish a special court to exist when the Habitual is involved and tends to refer their cases to the nearest and most accessible court. The intervention of dedicated laymen can help improve弥and to remove obstacles and to break down obstructions.

George Goldenson Opens DES Moines, Iowa — George Goldenson, president of Goldenson Insurance Companies of America, has left his home and his board and committee meetings to be with Max Wittenstein Co. and First of Iowa Corporation.

Earl Scanlan Adds Davenport, Iowa — Earl Scanlan, president of Scanlan & Company, has formed the Scanlan & Company Incorporated, with Max Wittenstein Co. and First of Iowa Corporation.

George Forrest

George Forrest, partner in Paine, Webber, Jackson & Curtis, New York, is a member of the Pacific Coast Securities Exchange, where he has his headquarters in Los Angeles.
Taking a Fresh Look at Our National Defense Program

In the "national security" budget as the Merchant Marine. The program for the war against inflation (to education in mathematics and science belongs in the same cate-

of prime importance to the na-

tion as is the defense budget, from Congress the more favorable consideration.

should be presented under the rubric of "national security," rather than non-defense.

Even more fundamental is our perception of what we now call "national security." This phrase is deni- tion which reflects a belief that we must "secure" our country from "external" threats, and the world in the future would be undertaken. The idea that defense is a constitutional duty implicit in the initiatives now embraced in "national security" budget is an idea which, in a certain sense, has been with us for some time. In the Constitution, Article IV, Section 4, we find the words "The United States will be ready to defend its security against any nation which shall attempt to force its will upon the United States or its people." This provision was probably intended to apply to foreign aggression, but it could also be interpreted to mean that the government must take steps to maintain the internal security of the country.

The Magnitude of Our National Security Effort

The U.S. needs a large national defense effort considerably above the current level of expenditures. The costs of the Vietnam War have already exceeded $60 billion, and we must consider the possibility of a prolonged conflict. In addition, the outlay of about $80 billion for national defense will be required for the next five years. This is a staggering sum, but it is necessary for the security of the country.

How much is involved in mov¬
ing to the current national defense effort to the optimum? The answer to this question, nor do I know any person who does. The celeb¬

rates result of the Defense Reinsurance Act, made available to the public, is reported to be that after all the allocated defense expenditures be increased by $8 billion, and that in 20 years another $1.5 billion a year will be made for the... (continued)

The vast enlargement of basic scientific research in all fields. The Department of Defense is expected to spend by the Department of Defense for research and development. The Department of Defense has contracted for the supply of operational ICBMs and IIRBMs at widely dispersed launching bases. (3) The supply of operational ICBM's and IRBM's at widely dispersed launching bases.

(5) An effective anti-missile system to intercept and destroy incoming ICBM's before they reach their targets.

(6) Development of manned space vehicles in order to prevent potential enemies from dominating outer space.

These programs which have been put on these incredible new weapons of offense and defense. The Committee on National Security concludes our entire problem lies.

Of course, one will argue that these costly new programs are not for con-

ventional weapons. This is true. But these costs are not to be consid¬

ered as premiums for new weapons. Nuclear war, because it can force the opponent to choose whether to stand firm and risk the destruction of the earth, is the only weapon that can be used. The U.S. must be ready to use the full power of its nuclear arsenal.

When both the U.S. and the So¬

viets are capable of nuclear weapons which have the military capability to act in any kind of situation, then the threat of nuclear war, because it can force the opponent to choose whether to stand firm and risk the destruction of the earth, is the only weapon that can be used. The U.S. must be ready to use the full power of its nuclear arsenal.

The U.S. must be capable of nuclear weapons which can create a total of potential nuclear war in order to make the Soviets think twice about any attack. The U.S. must be capable of nuclear weapons which can create a total of potential nuclear war in order to make the Soviets think twice about any attack

The U.S. must be capable of nuclear weapons which can create a total of potential nuclear war in order to make the Soviets think twice about any attack.

Economic Development in Our National Security Effort

World economic development will make it possible for us to 
satisfy the needs of the world's population. The growth of our
capitalism will make it possible for us to 
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satisfy the needs of the world's population.
continued from page 14

Mr. Khrushchev's Trade Challenge—Will We Meet It?

The Administration is asking for a five-year extension of the Trade Agreements Act, and the President requested that the trade-agreements legislation be extended for a period of five years. To extend this type of legislation by broadened authority to negotiate trade agreements in the international sphere, and to establish a set of new procedures for the negotiation of trade agreements, is an important step in our foreign trade policy. As a matter of fact, this is the only way that we can extend the trade agreements in the international sphere, and to establish a set of new procedures for the negotiation of trade agreements.

The request for an extension of five years is the only matter of fact of organizing the new trade agreements is not asking for five years with the trading partners, and it is asking for five years because five years are needed in order to complete the program of trade liberalization in the world. Let me explain:

European Common Market

Since the last extension of the Trade Agreements Act in 1955 is very important, and I may welcome, trading entity has expanded its activities.
The World "Dollar Gap": Its Credit Implications

reserves. Actually nearly half of the official gold holdings of the United States are held by six countries—Great Britain, Canada, France, the Netherlands, Belgium, and Italy. In all, the United States is losing its market share by slowly losing its lead. MARRIAGE to be a the world's dollar supply. The apparent shortage of dollars in the United States makes this "dollor" problem seem so much more serious. As another important trading nation, the United States has not the power to exercise the influence that it is now required to have on the world's dollar supply. The American need to import produces countries whose earning has already been reduced by price declines in 1957. Whether or not dollar imports from Canada, India, and other countries which borrowed heavily to import goods and services and the desire to maintain the international exchange of goods.

Washington certainly will be asked to help those friendly countries where sharp price declines have added to balance of payments difficulties. I have already indicated the power of the Eximbank will probably result in increased U.S. exports. The problem will be important for military and economic aid.

The fourth source of dollars is private capital. Private investments in the first half of 1957, private capital increased by less than $4 billion a year, reflecting the investments made in Canada and Venezuela, but contracted sharply during the second half of the year. The private capital capacity now appearing in many basic industries, it would not be large enough to finance the private capital flow abroad next year. During 1957, interest payments, investments in the development of such natural resources, and the loans to be paid are already made on the basis of long-term commitments and are influenced too much by short term economic factors. Furthermore, economic activity in the United States is still high and the dollar outflow to that area on a long range basis.

The most important of these has continued to be our merchandise imports. This problem has been so well known that it is not necessary to discuss here. The total dollar supply. Since the bulk of our imports consist of raw mate- rials, foodstuffs, and semimanufactures, some price factors have already been wise to keep the dollar imports as low. But in 1957, the rise in dollar prices of raw materials and semimanufactures together with increased importance of mopping up more than offset the reduction in the value of imports of coffee, rubber, copper, wool, and other commodities, the pattern may very well continue into 1958. We are also continuing to supply limited supplies of non-traditional cars at the rate of about 265,000 a year at a 5% rate.

The world's second major economic problem is the balance of payments. In the current year, the "invisible" balance represents the largest outlay of this group. The current problem of the balance of payments, as it appears to the United States, is that the foreign tourist spending, royalties payments to foreigners, shipping charges, and discounts to passengers, but creating travel does not affect any exports and is a dollar outlay in other parts of this group.

The world's third source of dollar power is the United States. Since 1957, the U.S. Government spending abroad has amounted to about $2 billion. This represented the cost of maintaining overseas defense establish- ments and defense-related military and economic aid.

The world's fourth source of dollar power is private capital. This has increased by about $1 billion in 1957, principally because of the special loan to Credito Italiano, made by the Eximbank. Whether or not the Eximbank's present lending authority by 52 billion. I think the Senate will probably result in increased U. S. capital and the world's dollar supply. The problem will be important for military and economic aid.

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Railroad Securities

Northern Pacific Railway Co.

Northern Pacific Railway in 1906, it reported a record dividend of $35 million, or 19.5 cents per share, a good year in comparison with most of the nation’s railroads, especially those of the East. The $24 million made from manufactures and a miscellany of freight operations amounted to about 40% of revenues and with interest and dividends paid down in general business activity.

Northern Pacific has one advantage over other railroads—that of "dividends" received from its oil and gas properties. The company has been successful for new wells this year is expected to be maintained at the same rate as in 1956. The railroad will in all probability continue to produce some new wells this year, largely because the company will continue to produce some new wells this year, largely because of its policy of cutting back in 1957 and will be off to be expected. All operations.

"This is likely to be the most difficult year we have had in years," said Mr. Hardin, "but we are optimistic about the future because we believe that the basic trend of the economy will be upward." The company expects to maintain its dividend rate at 7 cents per share.

Revenues from the shipment of lumber have played a large part in recent operations, contributing about 26% of income in 1956, and 1957 will be the same. The company experienced a $28 million cut in 1956 due to the decline in building activity and so far this year revenues have been at lower levels. In this case the company will not add a general rail yard plan that is anticipated until traffic should decline significantly.

Electric rates have been cut 20 cents to $1.25 as compared with $1.45 in the previous year, a critical factor in this industry. It would be difficult to establish any correlation between these items and real production.

Open Inv. Office
CUMBERLAND, Md. — Martha L. Blaux is managing the office, with offices at 300 Green Street.

Two With Robert Ferman
(Special to The Commercial Chronicle)

Two With Sills
(Special to The Commercial Chronicle)

Bache Adds to Staff
(Special to The Commercial Chronicle)

Two With Wulf, Hansen
(Special to The Commercial Chronicle)
The State of Trade and Industry

minute is tough for both producers and consumers and a lot of it is being done. It could be another indication that the bottom has not been reached in the wholesale price picture. Meanwhile, some of the larger mills have other troubles. "The market is weak. An unfavorable court decision last November has knocked the props out of the hot strip market, once one of the mainstays of the steel business. Steel makes up about 70% of all the mill's total cost, and if it can't climb to a more favorable level, the company, which has a history of high prices, is likely to suffer."

The working magazine noted that some company managers have put up higher prices, hard luck is coming for the industry. With business volume off, they are in no mood to give in. The Steel Institute's recent emphasis has shifted from "production at any price" to "cost reductions and efficiency improvements." For instance, at a labor relations conference in Chicago last week, the president of the company's negotiating team said, "The old contracts. Only 20 of these have cost-cutting escalators. We are going to do everything we can to save money."

January 1957. The government's monthly report on the price level since that of December, according to the United States Department of Commerce. The agency added, however, that the high level of prices was still a "cost-cutting tool" in the market.

Seasonally adjusted, personal income was at an annual rate in December of $1,041,996,000, or about $2,000,000,000 below the level of last December. The December-January decline was concentrated in manufacturing, mainly in the durable goods industries. This is the only area in which business and employment is the same as December, excepting dividends, the source noted, the figures would be declined by an annual rate of $2,000,000,000 from December to January.

seasonal factors, however, showed a further drop from December to January as a result of the manufacturing industries. The report added that excessive levels were still being declared. This was only partly offset by an increase in social transfer payments, mostly unemployment benefits.

Furloughs and reductions in work last year in January of $238,500,000,000, or about $2,000,000,000 from the previous year, stood at $5,000,000,000 below the high of last December. The December-January decline was concentrated in manufacturing, mainly in the durable goods industries. This is the area where the index of the durable goods industries. This is the area where the index of

In the automotive industry last week the United States automobile production dipped to its lowest level of 1956, "Ward's" Automotive Report stated in its weekly newsletter.

The week's schedule of 112,049 units, including 49,573 passenger cars and 17,478 trucks, represented the smallest volume since Jan. 4, when holiday programs in effect. Output of 120,865 vehicles last week comprised 101,656 passenger cars and 19,209 trucks. The corresponding week a year ago yielded 162,239 units, including 140,028 cars and 22,211 trucks.

"Ward's" noted that every company except American Motors, were below or if the strikes and not shown last week. The sharpest reductions in output were felt by Chevrolet and Ford divisions.
Electric Output Turned Lower in Holiday Week

Physically energy distributed by the electric light and power industry for the week ended Feb. 22, 1958, was estimated at 12,335,000,000 kw-hr., according to the Edison Electric Institute.

For the week ended Feb. 22, 1958, output decreased 79,000,000 kw-hr., or 0.6%, from 12,414,000,000 kw-hr. in the similar week of 1957. Declines were recorded for every region.

Car Loadings Registered Declines From Year Ago

Loadings of revenue freight for the week ended Feb. 15, 1958, were 948 cars, or 0.2%, above the preceding week, the Association of American Railroads reported. Compared with the similar week of 1957, declines were recorded for the 27th-straight week.

Loadings for the week ended Feb. 15, 1958, totaled 3,523,267 cars, a decrease of 142,720 cars, or 21.1% below the corresponding week in 1957.

Automotive Output Records Lowest Level of Year. The Past Week

Automotive production for the week ended Feb. 21, 1958, according to "Ward's Automotive Reports," declined to a level of 462,542 units a year in early in the year.

The total output stood at 494,850 units, and compared with 101,054 (revised) in the previous week. The past week's production of cars and trucks amounted to 122,048 units, or a decrease of 8,314 units, or 6.5% below the corresponding week in 1957, "Ward's" stated.

Ward's" car output dipped below that of the previous week by 7,663 cars, while truck output declined by 1,123 vehicles during the concluding week last year 130,238 cars and 22,242 trucks were assembled.

Last week the agency reported there were 17,476 trucks made in the United States. This compared with 17,908 in the previous week and 22,242 a year ago.

Canadian output last week was at 8,650 cars and 1,155 trucks. In the previous week Dominion plants built 7,185 cars as well as 1,156 trucks and for the comparable week 3,168 cars and 1,633 trucks.

Lumber Shipments Fell 2.4% Below Output in Week

Ended Feb. 15, 1958

Lumber shipments of 489 reporting mills in the week ended Feb. 15, 1958, was 2.4% below the previous week, the National Lumber Trade Barometer. In the same period new orders amounted to 22.9% below the previous week. Production was 0.2% below; shipments 2.6% above and new orders were 5.6% below the previous week and 11.7% below the like week in 1957.

Wholesale Food Price Index Records New High For 1958 and Since March 1, 1955

The wholesale food price index compiled by Dun & Bradstreet Inc. shot up 0.1% over the previous week to 68.59, for a new high in 1958. It was the highest figure reached since March 1, 1955. Compared to the like week in 1957 the price index was up 11.2%.

Corn, oats, wheat, barley; flour, sugar, cocoa, raisins, sugar beets and poultry were the only commodities that in early in the year. All higher in price this past week, while cottonseed oil and butter were lower.

The index represents the sum of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of prices at the wholesale level.

Wholesale Commodity Price Index Edged Upward Last Week

Reflecting slight increases in most grains, livestock, steel, coal and scores of others, the wholesale commodity price index, based on a sample of 247 commodities, rose fractionally to 239.17 on Feb. 10 from 239.08 a week earlier. It was noticeably below the 240.93 of the comparable date last year.

The wholesale cost of corn and oats fractionally exceeded that of oats and barley, despite the recent increase in prices.

Although domestic trading was unchanged and export transactions were sluggish, flour prices rose somewhat during the week. Flour millers reported little change in the quotations on hard wheats and softs.

The wholesale cost of cotton and wool prices of the week. Orders from Cuba slackened somewhat. While coffee transactions fell noticeably at the beginning of the week, traders later in the period reported the prices of the leading American commodities were unchanged. The copper prices remained close to those of the preceding week. Roasters stockpiles declined moderately and imports were down from a week earlier.

There was an appreciable rise in cocoa futures prices, although trading was close to that of the prior week. Officials estimated that cocoa production for the 1957-58 season would amount to 747,000 metric tons, down 154,000 tons from last season. Cocoa

...continued on page 10

The Current Business Outlook and the State of Stock Prices

example, 25.4 million automobiles were produced in the 1953-57 period.

(2) The Russian advances in the military field were then con- ducive to the feeling of security which stimulates free spending.

The American industry, however, has already reached the end. The number of sales of consumer durables to the consumer stocking of goods, as was evident at the outset, is not yet completely slack.

(4) Rising unemployment in the United States is also reducing the feeling of job security.

(3) The consumer is borrowing more heavily on installment credit. Thus installment credit outstanding reached the level at the end of the fourth quarter of 1953 was 11% of disposable income, whereas it stood only 7% at the end of the first quarter of 1953.

(5) Accelerated government spending on defense and public employ- ment benefits, public and private is expected to result in a further increase in the consumption of goods and services which a rise in national income which occurs in the wake of more employment.

(6) The method of estimating the severity of a recession is to keep close watch on the speed of the recovery when market demand has been temporarily curtailed by an unforeseen event. This is a more reliable index of the recovery than a statistical analysis of the monthly size of consumer expenditures and the like.

Conclusion

No two periods are alike, but it would appear that the 1953-54 recession was shorter, less severe and more early recovery than the present one. Accelerated government spending was easier, residential building increased, and the level of capital expenditures indicates that the economic was somewhat, was maintained by private spending. Consumer incomes were increased by a tax cut and the tax cut. In the year 1953-54. Western Europe was just beginning a recovery boom, whereas today the trend is mainly the result of an economic in its economy. One difference is the period of adjustment period is increased government expenditures due to increased governmental spending, this year as a result of the year 1953-54. However, the trend is not expected to be felt for several months.

Since business in the 1953-54 period required seven months of stabilization after the sharp decline had terminated, one would expect business activity to remain below peak levels for at least another year or longer. The period since the 1953-54 recession is not yet done. However a lower level of activity is not expected to be reached before the year 1959. As a result of these considerations, I plan to gauge invest- ment and consumption in the following way: that the business decline will be more severe and prolonged than the 1929-32 depression and that the 1929 depres-

A final point on stock prices!

They are in relative to bond prices at a low level in relation to bond prices that they were at the 1953 high prices. In early 1958 the figures show these relationships:

Dow Industrial Index: 1380.4
P/E Ratio Dow... 29.2
Book Value S. 1.14 1.65
Yield Dow ....... 0.66 0.45
Bonds/Stock Yield 1.9 1.21
The Crisis in American Unionism

Labor Mobility

Also a problem faced by organized labor is the increasing labor mobility of the American worker. The rate of labor mobility in most industries, while not a matter of more than a few percent, has been increasing, and in some industries the rate has risen to 30 percent or more, making the task of organizing and maintaining labor unions much more difficult. The increased mobility of workers has made it difficult for labor unions to maintain a stable membership base and to organize new members. In addition, the increased mobility of workers has made it more difficult for labor unions to negotiate contracts that are enforceable and that can be enforced by law.

White Collar Increase

Another problem facing organized labor is the increasing number of white-collar workers. The growth of white-collar employment has been rapid in recent years, and many of these workers have been attracted to union membership. However, the increasing number of white-collar workers has made it more difficult for labor unions to organize these workers, as many of them are not inclined to join unions and are more likely to choose to represent themselves.

Labor's Reputation

Despite sharp business declines, labor unions are not up against disfavor or at least low esteem. One reason is that labor is a minority group in society and has never been approved by the general public. In many American cities, labor is still regarded as associated with the people who are considered to be unclean and the drunks and with the more recent immigrants and their descendants. The labor movement has been the target of attack for a long time, but the picture is not as discouraging as many people believe.

McClellan Committee

Most unfavorable has been the publicity that labor has received from the investigations during the past year by the select committee of the House of Representatives referred to as the "McClellan Committee." The committee was created to investigate the activities of labor unions and to disclose any improper or unethical practices. The investigations have resulted in the disclosure of a large number of business transactions among labor unions, and in the case of Hoffa, the revelations have been very damaging to the labor movement. The charges against James R. Hoffa, the head of the Teamsters Union, have been very damaging to the image of labor unions in the public's eye.

Praise Labor's Reaction

Labor's reactions to the disclosures of corruption and other charges have been largely professing to resist any influence by the Federal Reserve Board, the Department of Justice, or any other government agency. The labor movement has been united in its defense of the Constitution and its commitment to the democratic principles of the United States. The labor movement has also been quick to respond to any attacks on its leadership and its members.

Possible Legislative Reaction

What will be the final outcome of the investigation by the McClellan Committee? Many see the most likely result of the investigation will be the passage of legislation that will limit the power of labor unions. This legislation may include restrictions on the ability of labor unions to organize and to negotiate contracts, as well as restrictions on the ability of labor unions to engage in political activities. The labor movement will be fighting hard to prevent the passage of such legislation, as it sees such legislation as a threat to its ability to represent the interests of its members.
Labor Political Orientation

It may be that this policy of it is being more of political organi-
and is true, three political strengths
and only one national union has
jurisdiction within a defined field,
and if the employees of a firm
belong to a union which is
weak, but the case is that all
workers should belong to the
same union to which a given worker
may belong. With choice allowed
among these three organizations,
and the three political orienta-
tion tend to become the only
forces which are to be consid-ered.
There has been no significant
trend toward making public
a dominant factor in American
unions, but our policy of work-
er organization has had
some tendency toward making
unions as the dominating or-
organizational. It is my thesis
that this is also a likely effect of
the increased violence in labor-
management relations so long as
the parties are forever turning to
government for help. When this
is the case, one can expect the
effects to be less
happy.

3. Wage Cost Controls

There is a possibility that
the labor scandal may change
wage-cost controls. In its
current state, this year's
newer labor laws and
mands. The public is more
than half convinced that the
major cause of the present
inflation is the rise in
prices. Many union
and nonunion groups have
been trying to increase
prices in a mood to support
nations. The\r\nissue of the increase in
wages is in a mood to support
further increases in rates of
wages. The public is
inclined to believe that many
industries are making a
time of living that is too
yield an inch. More than
the public is only the
victim of the congestion of
Public opinion is not
always, perhaps, the best
indicator of labor disputes
does count. At times, a city
tuniquely inclined to
support management in
strikes in which they
participate. This is not
predicting that Labor will
get nothing this year; no
such prediction is ever
that Labor asks for in its
first demands. I neither
forecast the final outcome of the
1958 contract negotiations and the
strike that resulted in the
strike
of the public will regard it as
a sort of "Peck's Bad Boy" or
Average for one who is responsible
for just about everything that is wrong.
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**INDICATES ADDITIONS SINCE PREVIOUS ISSUE • ITEMS REVISED**

**Amerena Manufacturing Corp.**

**Air-Shields Inc.**
Feb. 19 (letter of notification) 4,600 shares of common stock (par $1). Price—$10 per share. Proceeds are to be offered for subscription by common stockholders at the rate of one new share for each two shares held. Underwriter—Reliance Securities Corp., Philadelphia, Pa.

**American Life & Casualty Insurance Co.**
Dec. 5 (letter of notification) 51,800 shares of common stock (par $1). Price—$10 per share. Proceeds are to be offered for subscription by common stockholders at the rate of one new share for each two shares held. Underwriter—None. Price—$10 per share. Proceeds—For capital and surplus accounts, Office—Fargo, N. D. Underwriter—None.

**American Mutual Fund, Inc., Los Angeles, Calif.**
Feb. 19 filed by (amendment) 2,000,000 shares of common stock (par $1). Price—As market. Proceeds—For invest.

**American Mutual Investment Co., Inc.**
Dec. 17 filed 490,000 shares of capital stock. Price—$10.20 per share. Proceeds—For investment in first trust notes, second mortgage and senior notes. Proceeds will be used to develop shopping centers and build or purchase office buildings and to acquire properties. Underwriter—D. C. Unger Underwriter—None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., President.

**American Savings Life Insurance Co.**
Feb. 18, 1957, filed 30,000,000 shares of common stock (par $1). Price—$15 per share. Proceeds—For working capital and general corporate purposes. Office—Dallas, Tex. Underwriter—Peoples Securities Co., J. D. Granger Underwriter—None. C. L. Edmonds, of Houston, three of the 22 directors, and Chairman, Vice-Chairman and President, respectively.

**American Stock Exchange Corp.**
Dec. 31 filed $171,315,000 of 4 1/4% convertible debentures due March 12, 1972, convertible into common stock, being offered to the public at par ($1,000 debenture and $42 cash) being offered for subscription by holders of the 1965 debentures. Jan. 26, 1958, at rate of $100 principal amount of debentures for each nine shares held; rights to expire on March 15, 1958. Proceeds—For investment in business enterprises. Underwriter—For advances to subsidiary and associated companies; for purchase of stock of other companies; and for other business purposes, such as extensions, additions and improvements to company's own properties. Proceeds—As management and operating expenses. Underwrite—None. Statement effective Jan. 17.

**Annex Corp.**
Feb. 8, 1958, filed by (amendment) an undetermined number of shares of common stock (par 50 cents) to be offered under the company's Employees Profit Sharing & Investment Plan. Proceeds—To purchase the Fargo Bank for the purchase of stock. Office—100 North 4th Street, Redwood City, Calif. Underwriter—None.

**Anderson Electric Corp.**

**Andes Copper Mining Co.**
Feb. 6, 1958, filed 6,277 shares of Class B common stock to be offered to stockholders at rate of one share of Class B stock for each six shares of capital stock held. Feb. 9, 1958; rights to expire about March 10. Price—At (par $35) share. Proceeds—For additional working capital. Underwrite—None.

**Anita Cobe U. S. A., Inc., Phoenix, Ariz.**

**Apex Mining Co.**
Feb. 8, 1958, filed 6,277 shares of Class B common stock to be offered to stockholders at rate of one share of Class B stock for each six shares of capital stock held. Feb. 9, 1958; rights to expire about March 10. Price—At (par $35) share. Proceeds—For additional working capital. Underwrite—None.

**Appaloosa Co.**
Jan. 6, 1958, filed $1,500,000 of 6 1/2% convertible subordinate debentures due 1973. 1958, to be offered for subscription by common stockholders at the rate of one share of new common stock for each 5 1/26 shares held, rights to expire about March 10. Price—$43.50 per share. Proceeds—To repay short-term bank debt. Underwrite—Van Alstyne, Noel & Co., New York.

**Baltimore Gas & Electric Co.**
Feb. 3 filed $7,000,000 of 6% refunding mortgage sinking fund bonds due 1965. Proceeds—To repay bank loans and for construction program. Underwrite—For bonds, to be determined by competitive bidding. Probable bid-
NEW ISSUE CALENDAR

February 27 (Thursday)
California Electric Power Co. Bonds

February 28 (Friday)
L-R Heat Treating Co. Common

March 1 (Tuesday)
National Aviation Corp. Common

March 3 (Monday)
Baltimore Gas & Electric Co. Bonds

Matheson Co., Inc. Debentures

March 4 (Tuesday)
Baker Brothers Common

March 5 (Wednesday)
Ohio Edison Co. Bonds

March 7 (Friday)
Iowa Illinois Gas & Electric Co. Debentures

Olin Mathieson Chemical Corp. Debentures

Public Service Electric & Gas Co. Debentures

March 10 (Monday)
Morrisania-Essex Paper Co. Bonds

March 11 (Tuesday)
Saxon Paper Corp. Common

March 12 (Wednesday)
Bankers Management Corp. Common

March 13 (Thursday)
Indianapolis Power & Light Co. Bonds

March 15 (Saturday)
Sylvania Electric Products Corp. Debentures

March 22 (Wednesday)
Chicago, Rock Island & Pacific RR. Bonds

March 23 (Thursday)
Cincinnati Gas & Electric Co. Preferred

Cincinnati Gas & Electric Co. Common

General Telephone Co. of California Other stock

Maeght Stores Corp. Debentures

March 28 (Tuesday)
Mississippi River Fuel Corp. Debentures

March 29 (Wednesday)
Florida Power Corp. Bonds

March 30 (Thursday)
Georgia Power Co. Bonds

March 31 (Friday)
Bishop Oil Co. Common

April 1 (Tuesday)
Florida Power Corp. Bonds

Duquesne Light Co. Bonds

New England Telephone Co. Debentures

April 5 (Saturday)
Commonwealth & Southern Corp. Debentures

April 6 (Wednesday)
Mississippi Power & Light Co. Bonds

April 7 (Thursday)
Sierra Pacific Power Co. Common

April 8 (Friday)
Philosophical Electric Co.

April 13 (Tuesday)
United Gas Improvement Co. Bonds

April 16 (Friday)
Cincinnati Gas & Electric Co. Bonds

Aprill 17 (Saturday)
Illinois Power Co. Bonds

April 18 (Sunday)
Appalachian Electric Power Co. Bonds

Virginia Electric & Power Co. Bonds or Debts

Florida Power Corp. Bonds


Fluorspar Corp. of America

Aluminum Corp. of America

American Cyanamid Co.

Fidelity Bank Funds, Inc., Boston, Mass.

1,000,000 shares of common stock (par $1) to be offered to the public on February 26, 1956, for $25.00 per share. Proceeds—For the expansion of the company's business capacity, additions to working capital, and general corporate purposes.

Fidelity National Bank & Trust Co., New York

20,000,000 shares of preferred stock (par $100) to be offered to the public at $25.00 per share.

Forest Laboratories, Inc.

Forest Laboratories, Inc., New York

180,000,000 shares of common stock (par $1) to be offered to the public on February 22, 1956, for $25.00 per share.

General Electric Co.

25,000,000 shares of common stock (par $1) to be offered to the public at $25.00 per share. Proceeds—For the expansion of the company's business capacity, additions to working capital, and general corporate purposes.

General Aniline & Film Corp., New York

General Camera Co., New York

General Electric Co., New York

Underwriter—None.

General Motors Corp., New York

100,000,000 shares of common stock (par $1) to be offered to the public at $25.00 per share. Proceeds—For the expansion of the company's business capacity, additions to working capital, and general corporate purposes.

Farrar-States Oil Co., New York

Weber, Corder, New York

1,000,000 shares of common stock (par $1) to be offered to the public at $25.00 per share. Proceeds—For the expansion of the company's business capacity, additions to working capital, and general corporate purposes.

Fidelity National Bank & Trust Co., New York

$2,000,000,000 of preferred stock (par $100) to be offered to the public at $25.00 per share. Proceeds—For the expansion of the company's business capacity, additions to working capital, and general corporate purposes.

George A. Schall & Co., New York

American Cyanamid Co.

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American Cyanamid Co.
Continued from page 39

of class B common stock to be offered to stockholders at $5 per share at the rate of two new shares for each five shares of original capital stock. Offices—155 E. Wacker Dr., Chicago, Ill. Underwriter—None.


Mississippi River Fuel Corp. (3-12) Feb. 17 filed $30,000,000 of 20-year sinking fund debentures due 1988. Proceeds—To repay bank loans and for construction project. Underwriter—To be determined by competitive bidding. Probable bidders: Rockefeller, Co., and White, Leopold, & White (jointly); Kohn, Loeb & Co., and nationa...
Rocky Mountain Quarter Racing Association
Oct. 31 (letter of notification) 300,000 shares of common stock (par $1), Price—$2.50 per share. Proceeds—To repay outstanding indebtedness.
Underwriter—H. B. Ford Co., Winover Road, Memphis, Tenn.

Saxon Paper Corp., New York (2/10-14)
Jan. 31 filed 112,000 shares of common stock (par $280), Price—$280 per share. Proceeds—To be used in acquiring pursuant thereto.

Tourist Industry Development Corp. Ltd.
Jan. 14 filed $2,356,000 7% perpetual subordinated debentures (4% fixed interest and 3% of earned), to be called, at its option, at a price determined elsewhere. Proceeds—to acquire mortgages or other liens on real or personal property, or on works, railways, docks, wharves,or other similar property. Office—Jerusalem, Israel. Underwriter—None.

Uranium Mining Corp.
Nov. 6 filed 3,000,000 shares of common stock (par $1), Price—$1.25 per share. Proceeds—to acquire property, conduct explorations, conform to state laws, and other corporate purposes. Underwriter—None. Also filed 5,000,000 shares of preferred stock (par $1). Proceeds—To acquire property, conduct explorations, conform to state laws, and other corporate purposes. Underwriter—None.

Dallas Manufacturing Co.
Dec. 27 filed $12,000,000 8% convertible sinking fund debentures due Feb. 1, 1958, except as provided in case of redemption, into common stock (par $1), Price—$5.50 per share. Proceeds—for formation of a new corporate basis of one share of preferred stock and 1 1/2 shares of common stock held. Underwriter—None.

Chicago Electric Co.
Jan. 19 filed 10,000,000 shares of common stock (par $1), Price—$5 per share. Proceeds—to be used to supply and sell additional equipment and supplies for manufacturing and for capital and working capital purposes. Office—Salt Lake City, Utah. Underwriter—None.

Simplicity Pattern Co. Inc.
Oct. 10 filed 125,000 shares of common stock (par $1), Price—to be supplied by amendment. Proceeds—To explore possibilities of forming a new corporation. Underwriter—Simplicity Corporation. Corp., a subsidiary.

South Carolina Electric & Gas Co.
Feb. 4 filed 369,686 additional shares of common stock (par $4.85) being offered for subscription by holders of outstanding preferred stock. Shares being offered for subscription by holders of outstanding preferred stock who held 10 shares to subscribe for each 10 shares held (with an oversubscription privilege); holders of 12 shares, $12. Price—$11.50 per share. Proceeds—to repay bank loans and for capital purposes. Underwriter—Kidder, Peabody & Co., New York.

Southern Electric Steel Co.
Dec. 23 filed a maximum of 1,172,000 shares of common stock (par $1), Price—to be supplied by amendment. Proceeds—to two underwriting groups. Underwriter—Merrill Lynch, Pierce, Fenner & Rhoads, New York. Offering—Indefinitely postponed.

Southwestern Oil & Gas Co., Inc.
Feb. 4 filed an additional $1,709,000 of common stock (par $4.85) being offered for subscription by 31 holders of outstanding preferred stock who held 10 shares to subscribe for each 10 shares held (with an oversubscription privilege); holders of 12 shares, $12. Price—$11.50 per share. Proceeds—to repay bank loans and for capital purposes. Underwriter—Kidder, Peabody & Co., New York.

Southwest Securities Corp., Nashville, Tenn. Offering
Jan. 17 (letter of notification) 26,000 shares of common stock (par $75) to be offered for subscription by common stockholders of the corporation. Price—$75 per share. Proceeds—to be used for working capital. Underwriter—2901 Huntville Road, Birmingham, Ala. Underwriter—None.

Super Valu Stores Inc., Hopkins, Minn.
Feb. 21 filed voting trust certificates for 213,181 common shares. Underwriter—None.

Sylvania Electric Products, Inc. (3/11)

Tax Exempt Bond Fund, Inc., Washington, D. C.

Texas Co., New York, N. Y.
Feb. 25 filed $18,065,000 of participations in company's employees' savings plan, together with $20,653 shares of common stock (par $1) acquired pursuant thereto.

Upright Manufacturing Co.
Sept. 24 filed $800,000 of 6% sinking fund debentures and 30,000 shares of class A common stock (par $1) to be offered in units of $500 of debentures and 25 shares of stock. Proceeds—to be supplied by amendment. Proceeds—to be used to supply and sell additional equipment and supplies and for capital purposes. Office—Portland, Me. Underwriter—Walter & Co., St. Louis, Mo., on a best-effort basis.

Union Chemical Car Co., St. Louis, Mo. (3/5)
Feb. 3 filed 200,000 shares of common stock (par $1), Price—$2 per share. Proceeds—to be used to supply and sell additional equipment and supplies and for capital purposes. Underwriter—Stuart & Co., Inc., New York. Offering—To be determined.

United States Telemark Service, Inc.
Feb. 17 filed 375,000 shares of common stock (par $1), Price—$26 per share. Proceeds—to be used for equipment and supplies and for working capital and other corporate purposes. Office—Salt Lake City, Utah. Underwriter—None.

Universal-Cyclops Steel Corp.
Feb. 10 filed 600,000 shares of common stock (par $1). Proceeds—to be used to supply and sell additional equipment and supplies and for capital purposes. Underwriter—Reeves Steel & Mfg. Co. common stock.

Uranium Corp. of America, Portland, Ore. April 30 filed 1,250,000 shares of common stock (par $1), Price—$1.25 per share (to be $1 per share). Proceeds—for exploration purposes Underwriter—To be named by amendment. Graham & Co., New York.

Washington National Development Corp.
Oct. 2 (letter of notification) 50,000 shares of common stock (par $1) in which $2,500 are to be offered publicly at $1.50 per share and 15,750 shares are to be offered to certain individuals under option. Proceeds—for general corporate purposes. Office—501 Quaestor St., N. W., Washington, D. C. Underwriter—Wagner & Co., New York City.

West Coast Airlines, Inc., Seattle, Wash.
Feb. 26 filed 5,000,000 shares of subordinated debentures due 1980 and 1990, at $100 per share. Proceeds—to be used for working capital and for refinancing. Office—1300 W. Eighth St., Kansas City, Mo. Underwriter—None.

Western Copper & Mining Co., Canada
Apr. 18 filed 5,000,000 shares of common stock. Price—At par ($1 per share). Proceeds—to be used for working capital and for additional projects. Underwriter—Jefferies, Stinson, Mutschler, Co., New York.

Feb. 10 (letter of notification) 1,500,000 shares of common stock (par $1), Price—at $10 per share. Proceeds—to be used to supply and sell, and for working capital. Office—1200 Phillips Square, Philadelphia, Penna. Underwriter—Jean R. Vedda, New York.

Feb. 10 (letter of notification) 1,500,000 shares of common stock (par $1), Price—at $10 per share. Proceeds—to be used to supply and sell, and for working capital. Office—1200 Phillips Square, Philadelphia, Penna. Underwriter—Jean R. Vedda, New York.

Feb. 10 (letter of notification) 1,500,000 shares of common stock (par $1), Price—at $10 per share. Proceeds—to be used to supply and sell, and for working capital. Office—1200 Phillips Square, Philadelphia, Penna. Underwriter—Jean R. Vedda, New York.

Worldmark Press, Inc.
Dec. 31 filed 1,115,000 shares of common stock (par 10 cents). Price—$2 per share. Proceeds—to be used for working capital and general corporate purposes.
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Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly).

Cincinnati National Bank of Savannah, Ga., Jan. 22, 1958, offered a Federal Reserve Bank of St. Louis

Columbus & Southern Ohio Electric Co. Dec. 22, 1957, is offering the public to sell

Commonwealth Edison Co. (4/15) Feb. 14, 1958, announced that it plans to issue and sell

Consolidated Edison Co. of N. Y., Inc. (4/22) Jan. 22, 1958, reported that it plans to issue and sell

Consolidated Natural Gas Co. Jan. 22, 1958, it was reported that it plans to issue and sell

Duquesne Light Co. (4/9) Jan. 29, 1958, it was announced that it plans to sell not exceed

Florida Power Corp. (7/1) Jan. 21, 1958, announced plans to issue and sell

Florida Power & Light Co. (3/24) Jan. 28, 1958, announced plans to issue and sell

Great Atlantic & Pacific Tea Co. Feb. 13, 1958, announced that it is seeking common stock

Gulf, Mobile & Ohio RR. Dec. 14, 1957, announced United States permission to issue

Gulf States Utilities Co. Jan. 29, 1958, reported that it plans to issue and sell

New Jersey Bell Telephone Co. (3/25) Jan. 30, the directors approved the sale of

Northern States Power Co. (May) May, 1958, it was reported that the company may be

Idaho Power Co. (4/1) Feb. 10, 1958, the Federal Power Commission for authority to issue and sell $100,000,000 of first mortgage bonds due 1988 and $50,000,000 of sinking fund debentures due 1958.

Illinois Power Co. (5/20) Feb. 5, 1958, announced that it plans to issue and sell $25,000,000 of first mortgage bonds.

Kansas Power & Light Co. Feb. 14, 1958, it was announced that it plans to issue and sell

Kentucky Utilities Co. Jan. 27, 1958, announced that it had planned company may offer

Liton Industries, Inc. Dec. 14, 1957, stockholders approved the creation of an issue of

Master Fund, Inc., Fairfacl, Calif. Jan. 27, 1958, it was announced this newly organized investment company plans to offer to bona fide residents of California 10,000 shares of capital stock (par $1).

Merrill Lynch, Pierce, Fenner & Beane (jointly); Eastman Dillon, Union Securities & Co. and Harriman & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp. Bids — Expected to be received on April 1.

Morgan Stanley & Co.; The First Boston Corp. Bids — Expected to be received on July 1.

Morgan Stanley & Co.; The First Boston Corp. Bids — Expected to be received up to 11:30 a.m. (EST) on March 24. Registration—Expected Feb. 27.

New England Telephone & Telegraph Co. (4/14) Feb. 19, 1958, it was announced that the company plans to issue and sell $25,000,000 of 4% debentures due 1958.


New York Telephone Co. (Feb.) Feb. 14, 1958, it was announced that the company plans to issue and sell $100,000,000 of new common stock Preferred—To be sold for future construction. Underwriter—The Underwriter will determine the competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co. and White, Weld & Co. (jointly); and Drexel & Co. (jointly).

Ohio State Power Co. Feb. 3, 1958, it was reported that the company plans to issue and sell

Pacific Telephone & Telegraph Co. Jan. 8, it was reported that the company plans to issue and sell $600,000,000 of capital stock for construction program in 1957 and 1958.

Philadelphia Electric Co. (4/28) Jan. 1, 1958, reported that it plans to issue and sell

Puget Sound Power & Light Co. (4/29) Jan. 29, Frank McLaughlin, President, announced company plans to issue and sell

Richard Oil Corp. Jan. 8, it was reported that company may late in January issue and sell

Riddle Airlines, Inc. Oct. 21, it was announced that the company plans to register with the Securities and Exchange Commission 200,000 shares of common stock and the price at which they will be offered nor

Sierra Pacific Power Co. (10/16) Oct. 15, it was announced that the company plans to offer to 10,000,000 shares of capital stock to stockholders of record March 21, 1958. By-laws for the new company have been adopted and shareholders' meeting has been held.

Southern States Power Co. (May) May, 1958, it was reported that the company may be

Tea & Coffee Exchange Co. (4/20) Feb. 14, 1958, it was announced that the company plans to issue and sell $25,000,000 of common stock.

Utah Power & Light Co. (4/24) Feb. 10, announced that it plans to issue and sell $50,000,000 of new first mortgage bonds due 1958.

Union Oil Co. (Feb.) Jan. 8, 1958, announced plans to issue

United Fruit Co. (4/1) Feb. 14, 1958, it was announced that the company plans to issue and sell $25,000,000 of common stock.

Virginia Electric & Power Co. (May) May, 1958, it was reported that the company plans to issue and sell $20,000,000 of common stock.
Southern Counties Gas Co. of California
Dec. 16 it was reported company plans to issue and sell in March, $18,000,000 of first mortgage bonds. Underwriters—Halsey, Stuart & Co., Inc., Lihotzky & Co., Inc., Drexel & Co., Lehman Brothers & Co., White & Co., and Goode & Co. (jointly).

Southern Nevada Power Co.
Dec. 16 it was announced company plans to raise in mid-1956 between $5,000,000 and $6,000,000 new capital, about $450 a share, which will be through bond financing and the balance through stock. Underwriters—For stock, may be Hornblower & Weeks, William J. Healy & Co., and W. A. Blatt & Co. (jointly); for bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc., Lihotzky & Co., Inc., Drexel & Co., Lehman Brothers & Co., White & Co., and Goode & Co. (jointly).

United Gas Improvement Co. (5/13)
Jan. 26 it was reported company plans to issue and sell in April of this year, $25,000,000 of first mortgage bonds. Proceeds—To repay outstanding bonds; for working capital and other corporate purposes. Underwriters—If issue is not placed privately, underwriter—Edward J. Hauck, Inc., New York, N. Y. (jointly); for bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc., Lihotzky & Co., Inc., Drexel & Co., Lehman Brothers & Co., White & Co., and Goode & Co. (jointly). Bids—Expected to be received on May 15. Refunding—At April meeting.

Virginia Electric & Power Co. (6/10)
Dec. 16 it was reported company plans to issue and sell in April of this year, $25,000,000 of debentures or certificates. Underwriters—To be determined by competitive bidding. Probable bidders: Brown, Gay & Co., Inc.; Lihotzky & Co., Inc.; Rockefeller & Blutcher White, Weld & Co.; Eastman Dillion, Union Securities & Co.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co. and American Securities Corp. (jointly). Bids—Tentatively expected to be received on June 18.

Virginia & Southwestern Ry. (3/6)
Company plans to sell $5,000,000 of bonds. Proceeds—To redeem similar amount due April 1, 1956. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Drexel Bros. & Rutledge, Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co., and White & Co. (jointly). Bids—To be received up to noon (EST) on March 9 at Room 2008, 70 Pine St., New York 5, N. Y.

Washington Natural Gas Co.
Oct. 10 the directors authorized the sale of $5,000,000 in debentures. Proceeds—For expansion program. Underwriters—Blyth & Co., Inc., San Francisco and New York.

Wisconsin Electric Power Co. (3/31)
Feb. 14 it was announced company plans to issue and sell $30,000,000 of first mortgage bonds. Proceeds—For construction program. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; The First Boston Corp.; Glore, Forgan & Co., Eastman Dillon, Union Securities & Co.; Harriman & Co.; and Martin White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beene and Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers & Salomon Bros. & Rutledge, Inc. (jointly). Bids—Expected to be received on March 31.

Another Easy Calendar
The week ahead promises a busy and well-paced roster of issues to be marketed of about $175 million of new corporate securities, including $20 million of new preferred stock, due on the market.

That is, of course, will be up for bids in the early deals of the week. On Monday, Baltimore Gas & Electric Co. will open bids for $100 million of bonds going on sale and will market $15 million of fixed debt term bonds.

The following day, Ohio Edison Co. will open bids for $40 million of bonds, while Public Service Gas & Electric Co., via negotiated with its bidders, will be offering $25 million of preferred stock.

Wednesday brings up for bids $90 million—debentures of Town-Hollins Gas & Electric and $30 million of Union Electric Co., while on Thursday, Columbus & Southern Railway will look at bids for $30 million of debentures.

Amsterdam Bonds Due
The City of Amsterdam, Netherlands, $15 million of 15-year bonds, which had been scheduled for marketing on Tuesday, were put on the calendar for today. (Thursday).

The necessary agreements between the issuer and the bankers have been completed and a company has been named which has 5½% fixed for the loan. It is to be offered publicly at a price of $99 to yield 5.24%.

Sponsoring bankers ascribed the time delays to a "technical" situation.

American Diversified
WASHINGTON, D. C.—American Diversified Mutual Securities Co., which has been formed within the last week, has been reluctant to come into the market and consequently there is little information within.

Even though Cleveland Electric Illuminating Co. was prevailed upon by securities companies, they have been reluctant to come into the market and consequently there is little information within.

New Hardy, Hardy Assoc.
WASHINGTON, D. C.—The firm of Hardy, Hardy & Co., Inc., 1778 North Palm Avenue, has changed its name to Hardy, Hardy & Associates, Inc.

S. B. Chance With Merrill
(Special to The Financial Chronicle)
SAN MATEO, Calif.—Sidona B. Chance, a former member of the firm of Hardy, McGauley & Co., Inc., 1778 North Palm Avenue, has joined the firm of Stewarts, Eubanks, McEachen, Co., Hartford Securities, Toibolt and Dempsey-Toogood & Company.

Another easy calendar...
Mutual Funds

By Robert F. Rich

Institutional Ownership of Mutual Fund Shares

Up Sharply

A marked increase in the number of accounts of mutual funds held by institutions—from 61,641 to 85,559 in roughly one year—was reported by the National Association of Investment Companies.

The total value of such accounts increased from an estimated $350 million to $824 million in the same period.

“The growth in the number of institutional accounts,” said Edward W. Burt, Executive Director of the NAI, “reflects primarily an increasing interest in equity investment by institutions in their search for securities that offer both increased investment income and possible capital growth.”

Current figures are based on the Association’s latest study of the records of the assets of all open-end member companies as of Sept. 30, 1956. The 1956 study was an analysis of the shareholder accounts of open-end companies representing 70.3% of the assets of all open-end member companies.

Institutions—banks and individuals serving as trustees, guardians and administrators—now control the largest institutional category. Between September 1955 and September 1956, when the surveys were made, the number of such accounts rose from 43,133 to 63,311. They now represent 78.5% of the institutional accounts in the reporting companies compared with 71.8% of the mutual funds reported in September 1956.

Other significant increases in the number of open-end investment accounts of banks and institutions took place in the following categories: business corporations, from 3,513 to 4,174; employee pensions and profit sharing accounts, from 1,112 to 1,924; churches and religious organizations, from 3,901 to 3,701; fraternal and other public associations, from 3,402 to 4,320; and colleges, which increased from 1,079 to 1,144.

The average value of institutional accounts was $6,972 in September 1956. In September 1955, the average was $5,236. Changes in value of investments, this current average size reflects the large number of newer and generally smaller investment accounts.

National Issues

Atomic Report

Current progress in commercial uses of atomic energy is evaluated in the February issue of "Atomic Age," published by National Securities & Research Corporation, sponsored and managed by National Securities Series of mutual funds.

According to Robert Colton, Manager of the investment company’s Atomic Energy Division, “A rapidly growing, profitable industrial boom is taking shape as commerce and industry turn to atomic energy on a large scale.” Uranium mining, he points out, is now seen as a profitable phase of atomic activities and is expected to be increased by its annual business volume now approaching one-quarter billion dollars. But Atomic Activities report cautions:

“...there is mounting concern that the commercial requirements for uranium may fall considerably short of planned uranium production rates because the large scale production is developing less rapidly than originally anticipated. Such concern inevitably would effect the price of uranium in the marketplace, principally by a minimum expansion program for uranium new ore resources, now under study by companies engaged in uranium production rates planned for 1957. The Atomic Energy Commission is linked to the fact that atomic energy

cannot now compete on a cost basis with ordinary means of producing electricity with conventional methods.”

Activities suggests that this log jam may be broken after experience is gained from building and operating a number of large scale reactor power plants.

Eaton & Howard Yearbook Out

Eaton & Howard, Incorporated, Boston and St. Louis, have announced the publication of the Eaton & Howard Yearbook for Eaton & Howard Balanced Fund and Eaton & Howard Stock Fund. It presents a comprehensive yearbook of 1958 for each fund.

The new attractively designed, 64-page book includes complete detailed descriptions of the objectives of the companies, and management of the Funds, together with the operating records and growth of the Funds during the past 10-year period. Eaton & Howard13th consecutive quarterly dividend

11¢ a share from net investment income, payable March 31, 1958 to stock of record March 6, 1958

WALTER L. MORGAN
President

American Business Shares

A Balanced Investment Fund

The Company supervises a portfolio balanced between stocks selected for quality, and common stocks for value. Forty stocks selected for quality, and 100 stocks selected for value.

Prospectus upon request

LORD, ABBETT & CO.

New York—Chicago—Atlanta—Los Angeles

TV Electronic Fund Assets At Record

Strong interest on the part of investors, particularly in recent months, developed in the TV Electronic Fund, with the push outstanding shares of Televison-Electronic, Inc., a new record, Chester D. Tripp, President, told shareholders this week.

In the Fund's first report for fiscal 1958, the head of the Executive said that shares in the hands of the investing public numbered 14,616,920, as of Jan. 31, 1958, an increase of 19.3% over the total at the beginning of the previous fiscal year.

Total net assets of the Fund, pioneer and largest mutual fund concentrating on electronic securities, reached $146,154,143 at the close of the fiscal year, Mr. Tripp said, to show an increase of 8.1% over the $135,154,094 registered on Sept. 30, 1957. The net asset value per share of the Fund on Jan. 31 was $10.35, which when adjusted for a dividend of $1.1 cents made in Nov.-Dec., 1957, reflected a capital value increase of 4.4% in the first fiscal quarter. This progress was achieved with a rise of only 2.5% in the general market, as measured by the Dow Jones Industrial Average, during the same period.

As of the first day of the Fund's first quarter, Mr. Tripp stated that 20% of the Fund's investments were in common stocks and convertible securities of the Electric and Gas utilities, with 20.6% at the end of last October, Cash, government bonds and short-term notes made up the balance of 13.5%, he said, compared with 13.1% in each of the previous three months.


"There has been no basic policy change reflecting anything other portfolio activities during the past quarter," President Tripp and his associates have observed. "The basic considerations, based on an in-depth study of the particular industry's picture, dictated a continuing cautious approach, as in the past. The Fund, in general, still pointed toward upward the growth trend which has partially reorientated its investment fund in the past of the next decade."

Referring to increased defense spending, with particular emphasis on the missiles, the official said: "You Fund holds a small investment position in the missile industry. As of Jan. 31, the Fund had $66,748,985 invested in 80 companies known to the Company as "U.S. missile program.""

"In a recent conversation with Mr. Tripp concluded in the Fund's first quarter report, 'I believe our present approach will be fully justified. In no way does it alter our estimate of the potential of the Electronics and its allied fields.

Three With J. Logan Co.

Institutional accounts of the J. Logan Co., Inc., Los Angeles, California, have increased by 19.6% in the past year, to $100,000,000 mutual fund, according to the company's president, Mr. M. P. Sears, who has joined the staff of William R. Staats & Co., 640 South Spring Street, members of the New York and Pacific Coast Stock Exchanges.

Professional Investors Prefer Oil, Gas Stocks

"Professional investors prefer oil and gas," according to Distributors Group, Incorporated, operators of Mutual of Harvard and M.I.T., as well as the largest and largest mutual fund, industry is cited as representatives of professional investors whose shares constitute the largest holdings.

"Furthermore," it is asserted, "four of the ten most popular stocks in the past year (managed by banks and trust companies) are in the oil and gas industry and its related industries. This reflects the attitude of mutual fund and industry, and shows that the top ten shares are the same rates consistent with its past ranking.

In the same report Distributors Group presents a record of Petroleum Economics, Inc., stating that a person invested $10,000 on Dec. 31, 1957, in the shares of this company would have been worth $53,859 on Nov. 30, 1958, even though there has been no substantial investment. These figures reflect adjustment for securities prices as well as reoriented dividends.

Puritan Fund

Assets Now $35 Million

Puritan Fund reports new highs in total assets, number of shareholders, and growth rate for quarter ending Jan. 31, 1958. The fund reported a 11.5% increase in the quarter ending Jan. 31, 1957, with 8.2% growth in the quarter ending Jan. 31, 1958, to reach a total of $35,606,460.

The Puritan Fund was founded in 1920, with the purpose of providing an investment for investors with a minimum of $10,000,000 mutual fund.

In the first quarter of 1958, 26.8% of the assets of the Fund were invested in bonds and preference stocks, and 23% in cash and receivables. The rest of the Fund were invested in long-term securities. The Fund has invested in common stocks and 22% in cash and receivables.

F. V. Nixon Joins Staff

Fairman & Co.

Special to The Commercial Chronicle

LOS ANGELES, Calif.—Francis V. Nixon has been associated with Fairman & Co., of this city, Seventh Street, member of the Pacific Coast Stock Exchange. Mr. Nixon has recently been with H. Heintz & Co., and Fellows & Co., in the capacity of registered representative in the investment business in New York City.

First California Adds

J. Logan Co.

LOS ANGELES, Calif.—Donald C. Como has joined the J. Logan Co., Pacific Coast Stock Exchange, Incorporated, 640 South Spring Street, members of the New York and Pacific Coast Stock Exchanges.

Joins Wm. R. Staats

Special to The Commercial Chronicle

Walter E. Morgan has an extensive knowledge of the market, and is a member of the New York Stock Exchange.
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.

### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:
- **Indicated weekly operations (per car capacity):**
  - **Million tons per week:** eyas.

#### ELECTRIC OUTPUT:
- **Total U.S. electric output:** 1,766,000,000 kwh., 5.42 billion cfs.
- **Repeat sales of electric energy:** 34,546,000,000 kwh.
- **Electric output for civil engineering:** 1,200,000,000 kwh.
- **Electric output for commodity transactions:** 760,000,000 kwh.

#### RAINDROP BUSINESS ACTIVITY:
- **New construction:** 5.2 billion cfs.
- **Purchases by dealers—account of stock transactions:** 3.2 billion cfs.

#### GOVERNMENTAL DISPOSALS:
- **Government dispositions:** $274,655,790.
- **Government dispositions sold:** 2,371,900,000.

#### CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—SERIES BES.:
- **Total consumer credit outstanding:** $274,655,790.
- **Total consumer credit outstanding (as of Dec. 31):** $275,000,000.

#### COMMODITY PRICE INDEX:
- **Oil, Paint, and Drug Report Price Index:** 103.4.
- **Round-lot transactions for account of members:** 218,500,000.

#### STOCK EXCHANGE—SECURITIES COMMISSION:
- **Transactions in stocks in which registered communications purchased:** 3,970,000.
- **Number of shares sold:** 121,500,000.
- **Number of shares sold by dealers—account of stock transactions:** 121,500,000.

#### WHOLESALE PRICES, NEW SERIES—U. S. DEP. OF COMMERCE:
- **Commodity Groups:**
  - **All commodities:** 141.8.
  - **All commodities except farm and food:** 141.8.

#### UNITED STATES CREDIT DIRECT AND GUARANTEED—(As of): 2/25/76:
- **Net debt:** $271,500,000.
- **Net debt as of Dec. 31:** $274,655,790.
Securities Salesman's Corner

By JOHN DUTTON

Letter Writing

The rules for successful sales-letter writing are: (1) Write to someone who has a need for your product and can buy it. (2) Be friendly and brief. (3) Use strained urgency. Now let us go into these three facets of the art in more detail.

Compile Prospect List

Carefully

In my neighborhood I know a good many people who are tired of receiving mail that is sent to them which advertises all sorts of goods and services for which they have no desire to purchase or use. I recently asked several of my neighbors about this and they agreed that the disposal problem of unwanted mail is annoying. When this mail is sent to your residence in such volume as many of us receive it today, our waste-paper baskets and our garbage cans are inadequate. I have received mailings from local businesses, small loan companies, and even some local merchants in such volume that I have poohedetically asked by postal card to have my name removed from their list but to no avail. Obviously these companies have a mailing list for them and they believe that wholesale mailings will be productive. In my case, the result is the problem of getting your ideas across to your investment prospects in competition with this huge volume of mail solicitation that is now flowing out to people in the higher income residential areas of your city.

The compilation of your mailing list, if you are doing regular mailings, is therefore a MUST if you are going to receive benefits from keeping with the expense and effort expended. And the way in which you look at the cost of mail will go upward soon when postal rates will be increased. So, if you have not weeded out the worthless names on your list, this is the time to do it.

Say It in a Few Words

People do not have the patience and time to read long, wordy, explanatory mailings, no matter how carefully they are prepared. If you can't say it in three short paragraphs then there is something wrong with your story. It takes more than this you should arrange a personal appointment. If you wish to enclose a circular or an offering prospectus then certainly your letter should not be longer than three paragraphs.

Here's a Sample of a Spot-Shot Letter That's Urgent and That Sold

Following is a letter actually used to obtain a substantial order for a particular tax-exempt bond.

Dear Mr. Conservative Investor:

In going over the current bond offerings, I have run across an issue that is particularly attractive across the income account, including some of the municipal securities that I have called your attention to. Because of this, I felt I should call it to your attention immediately.

$50,000—County, Florida, Special County Bldg. Certificates, 3% payable semiannually, due the 1st and 16th of each month, first payment due 1963 at 104. (See attached circular.)

Your Avail.

How's this for brevity and urgency? The order came from a first time customer and opened a new line of business for us.

Our Charge to Your Account

Our charge for addressing envelopes for the complete list (United States or Canada) is $7.00 per thousand.

We can also supply the list on gummed roll labels at a small additional charge.

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The American Tobacco Company

214th Preferred Dividend

A quarterly dividend of 11 1/2% ($1.50 a share) has been declared upon the Preferred Stock of THE AMERICAN TOBacco COMPANY, payable in cash on April 1, 1958, to stockholders of record at the close of business March 19, 1958.

Checks will be mailed.

February 25, 1958

Harry L. Herold

Vice President and Treasurer
Two With H. Carroll
(Special to The Financial Chronicle)
BEVERLY HILLS, Calif.—Bert Boyer and Albert R. Guiltin are now connected with H. Carroll & Co., 324 North Canyon Drive.

Copley Adds to Staff
(Special to The Financial Chronicle)
COLORADO SPRINGS, Colo.—Robert B. Peck has been added to the staff of Copley and Company, Independence Building.

James F. Magrino Opens
(Special to The Financial Chronicle)
CLEARWATER, Fla.—James F. Magrino is engaging in a securities business from offices at 601 Court Street.

Reynolds Adds
(Special to The Financial Chronicle)
CHICAGO, Ill.—Donald J. Whalen has been added to the staff of Reynolds & Co., 39 South La Salle Street.

With Clayton Secs.
(Special to The Financial Chronicle)
BOSTON, Mass.—Daniel J. Coldahs is now with Clayton Securities Corporation, 29 Milk Street, members of the Midwest Stock Exchange.

Dean Witter Adds
(Special to The Financial Chronicle)
SAN FRANCISCO, Calif.—Donald A. Claye has been added to the staff of Dean Witter & Co., 45 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

DIVIDEND NOTICES

Allegeny Ludlum Steel Corporation
Pittsburgh, Pa.
All is a notice of the Board of Directors of Allegeny Ludlum Steel Corporation held at Pittsburgh, Pa., on February 20, 1958, a dividend of fifty cents ($0.50) per share was declared on the Common Stock of the corporation which will be payable on March 31, 1958, to stockholders of record at the close of business March 18, 1958.

A. S. McCleary, Jr.,
Secretary.

AMERICAN STORES COMPANY
158th Dividend
CHASE DIVIDEND. The Board of Directors on February 20, 1958 declared the regular quarterly dividend of $0.05 per share.

Both dividends are payable March 29, 1958 to stockholders of record on March 3, 1958.

James H. Park,
Vice President.

INTERNATIONAL SALT COMPANY
DIVIDEND NO. 175
A dividend of ONE DOLLAR a share has been declared on the capital stock of this Company, payable April 1, 1958 to stockholders of record at the close of business on March 14, 1958. The stock transfer books of the Company will not be closed.

Harvey J. Osborn,
Vice President.

KENNECOTT COPPER CORPORATION
161 East 42nd Street, New York, N.Y.
February 21, 1958.
At the meeting of the Board of Directors of Kennecott Copper Corporation held today, a cash distribution of $1.50 per share was declared, payable on March 24, 1958, to stockholders of record at the close of business on March 4, 1958.

A. R. Beggan,
February 24, 1958, Secretary.

DIVIDEND NOTICES

DIVIDEND NOTICE
The Board of Directors has declared a regular quarterly dividend of 35c per share on the common stock of this Company, payable April 1, 1958, to stockholders of record at the close of business March 17, 1958.

P. J. Neumann, Secretary.

Texas Utilities Company
Division Notice
The Board of Directors today declared a dividend of 40 cents per share on the Common Stock of the Company, payable April 1, 1958 to stockholders of record at the close of business March 5, 1958.

D. W. Jack, Secretary.

United Gas Corporation
Dividend Notice
The Board of Directors has this date declared a dividend of thirty-three and one-half cents (33.5c) per share on the Common Stock of the Corporation, payable April 1, 1958, to stockholders of record at the close of business on March 10, 1958.

B. M. Brown, Secretary.

SUNSTRAND MACHINE TOOL CO.
DIVIDEND NOTICE
The Board of Directors declared a quarterly dividend of 25c per share on the common stock payable March 20, 1958, to stockholders of record at the close of business March 10, 1958.

G. J. Landstrom, Vice President-Secretary.

Rockford, Illinois
February 19, 1958.

On the above dividends are payable March 31, 1958, to stockholders of record at the close of business March 10, 1958. Checks will be mailed from the Company's office in Las Angeles, March 11.

J. A. Witt, Treasurer.

February 19, 1958.
WASHINGTON, D.C.—Congress has been dilly-dallying around Senate committees have been working regularly, and others intermittently or not at all. Most legislative work is done in the House and Senate chambers.

While a legislative body for the most part is unpredictable, the fact that Congress hasotten to a slow start than last year. Some of the leaders of the members probably may not move in at least the first feverish sessions later in the year.

President Eisenhower signed into law the statute providing for the Federal Reserve. However, another major proposal, raising the ceiling of the national debt, may be considered by the House on Jan. 23, has received approval. The President will sign it in short order.

Important Measures

Some of the important measures that have piled up for action within the 89th Congress for instance, include the pending reciprocal trade, extending the 18-month, and the 2-year, postal rates, farm program, regulating the Alaska and Hawaii statehood bills, providing Federal grants, and the TVA, mutual security program, and the conversion of federal utility-type regulation and several others.

It is safe to predict that several of the major pending bills, like the statehood measures, will either die on the vine and die with the end of the session. The pending labor arbitration regulation bills and the farm program bills will be decided in due time. This is an election year and the labor and farm votes are of critical importance. Of the two, labor of course is more potent.

Farm Strength Waxing?

Because there are fewer farmers, the farm vote is not as power as it used to be. But it will remain a powerful influence for years to come because more food and fiber are going to be needed to feed and clothe the 200 million people that the Bureau of Census now predicts for 1975. However, authorities are predicting that as the agricultural states become more industrialized in the future, the so-called "farm bloc" vote will become less im-
important in the overall political picture.

With the farm families of this country earning about one-third of their income from farming, some economists are predicting that there will be further division in political thinking between farmers and the industrial workers.

Postal Rate Due

Last month the House passed a bill raising the postal rates, and the Senate committee will get around to passage of a bill this session. Increased postal rates will mean higher cost of living for any individual or individual to conduct his business and professional activities. These additional expense items must be deducted at income tax reporting time. The increased rates will, of course, have a bearing on the postal billing of the advertising delivered each day to "Occasional" at such and such an address at a bi-weekly expense to the Post Office Department.

While taking into consideration that a Congress is unpredictable and the fact that President Eisenhower's $2 billion program to reorganize the public utilities on a uniform basis has been favorably received on Capitol Hill, some of these bills may kill any section of the country.

The White House plan would reorganize a Federal regula-
ting agency and replacing some 2,500 Government-owned post office buildings; remodeling 1,250 post office buildings; the program calls for modern mail handling facilities for all post offices. By terms of the program, the funds were to be distributed as follows: (1) $1.25 billion.

Like the highway construction program, the post office building program will be a marked stimulus for the construction industry in this country.

Highway Program Increased

Although Congress had expected the 1953 estimate in connection with the Bureau of Census for 1975. However, authorities are predicting that as the agricultural states become more industrialized in the future, the so-called "farm bloc" vote will become less im-

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