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EDITORIAL

As We See It

The Kremlin was the center of world attention during much of last week as another of the phases of the Stalin-like procedure of Mr. Khrushchev to make himself a one-man dictator of the Soviet Union unfolded itself for the edification of the West. There are a good many who question the real significance of last week's events, listing them rather as but formal recognition of what has been going on for a good while past. It is obvious, of course, that Mr. Khrushchev has been in every sense a one-man dictator in Russia for a very considerable period of time. We are in no position to judge the importance of his choice (self-dictated, of course) as Chairman of the Council of Ministers. It may be, as some wag has expressed it, that the only change is that the fellow who had been dictating the letters now also signs them —or there may be a meaning in all this that is unknown to us.

It was, in any event, upon this occasion that Mr. Khrushchev again promised to "conquer capitalism with a high level of work and a higher standard of living." The fact that the "higher level of living part" of this promise seems to be in direct conflict with the doctrine this same gentleman used to overthrow the Malenkov regime not very long ago would perhaps be anomalous anywhere but in a Communist dictatorship operated as is the Kremlin, but in a dispatch out of Moscow this aspect of the matter need not detain us long. However such things as this may be, it is quite evident that the ruler of Russia—now in name as well as in fact—has issued a challenge to the West—a promise to meet and defeat the West on its own ground. The

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The Principal Thing to Fear Is Our Own Folly

By BERNARD M. BARUCH*

Dean of the practical school of finance and economic statesmanship asserts it would be folly to cut taxes or resort to deficit financing—if we are to meet our defense needs and simultaneously achieve economic growth without inflation and unemployment. Instead of relying so much on borrowing and so little on taxes and repeating past mistakes causing, what is said to be our greatest peril, inflation, Mr. Baruch suggests: (1) public works programs desired be done at the local level on a self-liquidating basis; (2) lengthening and amortizing Federal debt; (3) reducing prices, or obtain a year's voluntary freeze on wages, prices and profit margins, and curb excessive credit-usage; and (4) cease piecemeal defense approach and secure for Congress an expert staff on defense matters.

Our problems extend far beyond any narrow definition of finance. Tax policy, debt management, monetary controls affect not only our solvency and economic health, but our security against aggression.

Bernard M. Baruch

Despite the symptoms of distress in our economic system, there is no cause for panic if we use experience and common sense. But if we seek recovery through get-well-quick prescriptions, we will surely face a far more difficult situation.

The principal thing we have to fear is our own folly.

In our concern over the present recession we must not forget that it is only one aspect of the basic problem before us. The challenge we face is to organize and employ our resources effectively, first, for the defense of our country and our liberties, and second, to provide our citizens with a rising standard of living

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*Statement made by Mr. Baruch before Senate Finance Committee, Washington, D. C., April 1, 1958.

Can Government Spending Stabilize the Economy?

By CARROL M. SHANKS*

President, The Prudential Insurance Company of America

Staunchly favoring sound, properly timed, countercyclical fiscal policy, Prudential President prescribes for immediate problems of 1958 stepped-up government spending on short-term projects and substantial across-the-board income tax cut. With regard to problems of next five years after 1958, Mr. Shanks recommends meeting inevitably increasing government spending which will take a larger share of expanding output, by courageously paying for these expenditures through increased taxation rather than devious route of inflation. Deplores unstabilizing reduction in Federal spending in the three postwar recessions.

What should government do in dealing with the current business situation? Some believe that government cannot or should not try to use spending and taxing programs to stabilize the economy. At the other extreme are those who see more government spending as the answer to any and all economic problems.

Carrol M. Shanks

Although it is difficult to imagine today, total purchases by the Federal Government in the year 1929 amounted to only $1.3 billion, or slightly more than 1% of our national output. At present, Federal purchases are running over $50 billion and account for almost 12% of national output. In a single year at current rates, the Federal Government spends as much as in the five years 1933-37. Government spending today, after allowing for the growth of the economy, is more than twice as important a force in the economy as it was during the depression years. First, today, it is impossible for

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*An address by Mr. Shanks before Executive's Club of Chicago, Chicago, March 21, 1958.

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 38.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Johns-Manville Corp.—Maurice S. Benjamin, Senior Partner, Benjamin, Hill & Co., New York City. (Page 2.)

Market Basket (Common Stock)—Richard N. Ely, Director of Research, Bateman, Eichler & Co., Los Angeles, Calif. (Page 2.)

MAURICE S. BENJAMIN
Senior Partner, Benjamin, Hill & Co., New York City
Members New York Stock Exchange

Johns-Manville Corp.

Is it not phenomenal for a business to survive for a hundred years—and prosper?

This would indicate adroit agressiveness for success in the fierce and free competitive era when this young country was making its giant economic strides. It would mean the calculated precaution necessary to withstand the devastation of our Civil War, two World Wars and intermittent economic depressions.

M. S. Benjamin

Today after a hundred years, the company is the leader in its large and important field.

On this record of a hundred years alone, the stock of this company would be worthy of being placed in the category of "My Favorite Stock."

Johns-Manville is the largest manufacturer of asbestos products in the United States. Its output consists of more than 400 lines of products, 70% of which contain asbestos in one form or another. The principal items are roofing and various building materials, insulation products, Transite pipe, and friction materials. Industrial sales amount to an estimated 50% of volume. The company controls all of its major raw materials sources, except asphalt. Main asbestos mines are located at Asbestos, Quebec and Matheson, Ontario, while manufacturing activities are carried on at 19 plants in the United States, 2 plants in Canada, and 1 small plant in Belgium.

The company has a substantial and continuous program of new product development and maintains the largest research facilities in the world devoted to building materials near Manville, N. J. Expansion of product lines, product improvement, cost reduction measures and replacement of existing facilities are all contributing to future potential. In the past 10 years **Johns-Manville** sales gained 130% against a gain of 83% for the country's Gross National Product.

Johns-Manville has devised a triple-edged, company-wide program to build sales, reduce costs and accelerate product improvement. The officers state that the results will be substantial, and the effects noted soon. Therefore the present outlook does not jeopardize the 50¢ quarterly dividend.

Johns-Manville's main strength lies in its dominant position in the asbestos industry and in its wide diversification of product lines. Despite currently reduced earnings due to heavy expansion and new facilities costs magnified by the present labor cost spiral, the company may be considered well fortified to weather any temporary business contraction. The correction in residential building reached bottom around May 1957; the annual rate of residential building for the fourth quarter of 1958 is expected to be 6 to 8% above the fourth quarter of 1957.

In view of the large replacement, repair and maintenance market for its products and the company's aggressive product research, and in the expectation of a resurgent residential building movement resulting from an estimated 40% per annum increase in family formations over the coming decade, **Johns-Manville** appears a promising holding for the longer term. The yield at the current price of 36⅝ on the indicated $2 dividend is an adequate 5.4%.

Capitalization consists of $3,250,000 debt and 7,163,005 shares of common stock.

Earnings for recent years were reported as follows:

1957	$2.48
1956	3.50
1955	3.67
1954	2.62
1953	3.10
1952	3.57
1951	3.87
1950	3.61

Dividends have been paid 24 years consecutively. Current indicated rate is $2—annually.

The financial situation shows the current ratio of liquid assets to liabilities to be about 2-to-1. Book value as of Dec. 31, 1957 was about $30 per common share. Capital expenditures will total around $20,000,000 this year compared with $46,000,000 in 1957.

Price Range (1956-58): 58¾-34¼. Current market (NYSE) 36⅝.

RICHARD N. ELY
Director of Research
Bateman, Eichler & Co.
Los Angeles, Calif.

Market Basket (Common Stock)

Stocks of the leading food chains are enjoying a resurgence of popularity because they combine essential stability with almost certain growth. In this field, the elite are those few chains which operate only relatively large markets; these are the "supermarket chains" as distinguished from organizations with a diverse array of small, medium, and large stores. A second highly significant distinction among food chains lies in the nature of the area in which they operate. In these two respects, Market Basket is particularly favored. Its 41 stores are all supermarkets, of which the average is doing about $2.2 million in annual sales, and the entire chain is located in the Los Angeles area —fastest growing and most suitable metropolitan area in the nation for the expansion of a food chain.

Richard N. Ely

At the present price range, Market Basket common combines with such unique effectiveness the characteristics of relatively small risk, sharply improved prospects for the immediate future, and enduring potential for appreciation over the long pull, that it is "The Security I Like Best." Statistical comparisons with other food chain equities show that it is attractively priced. Current quotations for the stock seem more accurately related to the recently announced all-time high of $81.6 million sales and $1.59 per share earnings of 1957 than to current and prospective figures for 1958. "Something has been going on" at Market Basket that you should know about.

Three all-important factors which affect earnings and dividends are in the process of favorable change. The year-to-year rate of increase in sales is accelerating, profit margins are in an upward trend, and the rate at which new stores will be added is temporarily levelling off. Each of these points deserves individual attention.

Sales increased from $77.7 million in 1956 to $81.6 million in 1957, a change of 5%, whereas thus far in 1958 sales have been at a rate which, if continued, will total between $88 and 90 million for the full year. Thus, the rate of increase may double from 5% to around 10%. This strong upsurge is springing from the large number of relatively new stores in the chain, as will be shown below. The Los Angeles area has been unique in that entire new communities have popped up like mushrooms, one after another, presenting sudden new opportunities for the location of supermarkets. With many alert real estate operators in the area, quick action —sometimes long in advance of actual development — is vital. Then when a supermarket is built in such an area it must be large enough to anticipate the full potential growth of the new community, a process that may take years. A chain like Market Basket, with new locations in many fast-growing suburbs, can anticipate much greater ultimate sales volume from existing stores than that which is currently being achieved.

In the case of the ratio of net profit to sales, it is necessary to go back to 1955 to obtain a proper perspective, for 1956 and 1957 were years of extreme competition in the Los Angeles area. This fierce struggle reduced the ratio from 1.88% in '55 to 1.55% in '56 —a variation of almost 18%—and every bit as costly as if for some reason several of the chain's stores had been closed for the entire period. Toward the end of last year, the managements of various chains saw clearly that price-cutting, give-aways, and excessive advertising and promotion had gone too far. Since that time, the pressure has been subsiding. A sufficient improvement was made in the late months of the year to bring the figure for the full 12 months to 1.60%, whereas in the first half there had been a further decline (from the 1.55% of '56) to around 1.50%. Thus far in '58 no official figures are available, but there is evidence to support the belief that margins have continued to improve. The importance of this trend cannot be overemphasized since Market Basket has had, in the past 12 years, ratios of net profit to sales as high as 3.92%, 2.14%, 2.12%, and 1.94%.

The third, and perhaps most momentous difference in Market Basket activity in 1958 relative to the past two years is the fact that the addition of only two new markets is probable. A long period of rapid expansion culminated in the opening of six new stores in '56 and four more in '57—an increase in the total number of units in operation of roughly 33% in that brief span of time. Now when a company grows so fast, entirely from within, it is obvious

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Outlook for Business And Securities Markets

By EDWARD P. RUBIN*

Partner, Security Supervisors, Investment Counsellors
President, Selected American Shares, Inc.

Mr. Rubin's assessment of the primary factors at work in the economy and in the securities market leads him to conclude that we probably have already witnessed the sharpest part of the decline and that the bottom may be reached before many more months have passed. He cautions, however, that there may be a significant time lag before recovery may take place which, in turn, should keep bonds a favorite investment that much longer, allow plenty of time to let bond purchases develop into long-term capital gains, and permit refunding at lower interest rates. Turning to stocks, author does not believe price risks are great should the market express disappointment about recovery-pace. Expresses optimism upon long-term growth prospects.

Appraising the present and forecasting the future are difficult tasks, no matter how much experience we've had in doing them. There's even some doubt about the accuracy of that big ad the United States Trust Company of New York is currently running to the effect that "everyone has 20/20 hindsight." I doubt it. Not only is foresight proverbially imperfect, but it seems to get more difficult each time we try it.

Edward P. Rubin

But difficult as forecasting may be, we who run business and advise clients about their investments must make the attempt to foresee the probable future with some degree of accuracy. First we will examine the favorable and unfavorable factors with respect to the short term outlook over the next six to twelve months.

Unfavorable Factors

Here are the more important factors of unfavorable nature with respect to, and affecting, the near term outlook. Industrial production has been in a downtrend since December, 1956, and since August, 1957, this downtrend has tended to accelerate. The drop in the seasonally adjusted Federal Reserve Index of Industrial Production has been from 147 to 130, thus far. This 12% decline already exceeds in degree the 10% declines of 1948-1949 and 1953-1954, although the lowest month to date is still above the 1954 low of 123, and the 1949 low of 94.

Stocks are historically high in price, and appear to be in a "bear" market, judged by commonly accepted definitions of trend.

From the April 6, 1956, close of the Dow-Jones Industrial Stock Average, at 521.05—a peak which was approximately "triplicated" in August, 1956 and July, 1957—to the close on Oct. 22, 1957, at 419.79, this leading average declined 19%. There are many who expect that low to be broken as earnings decline and dividends are cut. In fact, one of the most populous clubs on Wall Street and La Salle Street today is the "380 Club," whose members adhere to the belief that is the next hesitation point for the DJI.

Consumer needs for durable goods have largely been satisfied. Automobile output is declining rapidly, as a prominent case in point.

Plant and equipment expenditures have been high throughout the post-war period and are now estimated by the SEC to decline from last year's figure of $37 billion to $32 billion this year. Capacity is temporarily excessive in almost all industries. The typical industry is operating at perhaps 75 to 80% of theoretical capacity, and, the steel industry, as an outstanding example, is operating currently at only 53% of its newly rated capacity of 140.7 million tons annually. Competition is intensifying. Profit margins are declining.

New orders and the unfilled order backlog of manufacturers have been declining for many months. Inventories, after reaching new all-time highs, are now being liquidated rapidly. Exports were boosted to an artificial new all-time high last year during and subsequent to the Suez crisis, but these exports are now in a declining trend. The Department of Commerce states that "The worldwide expansion of productive facilities for many commodities, particularly raw materials and some foodstuffs, has outstripped the rise in demand." Thus, we have some evidence that economies of the rest of the world will not support the American economy as vigorously in this recession as proved the case in 1954.

Wage rates have been rising more rapidly than productivity since at least as far back as 1940. For a long period of time it was possible to pass on these wage rate increases in finished goods prices, but this is no longer easily the case.

Commendable attempts to fight inflation in recent years had the effect of reducing money supply (deposits plus currency) to the

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*An address by Mr. Rubin before 22nd Annual Central States Group Conference of the Investment Bankers Association of America, Chicago, Ill., March 19, 1958.

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Recession-Depression: How Severe and How Long?

By A. WILFRED MAY*

Mr. May submits data showing absolute and comparative extent of current "Recession-Depression." Traces antecedent causes, as overexpansion of plant, overproduction of durables, and excessive consumption; the realization of which is important midst the current flood of Washington politicking. Examines chief suggested anti-Recession remedies; pointing out their respective shortcomings. Maintains resumption of the country's healthy long-term growth must await the aging of the great plethora of recently produced durables, plus the digestion of inventories, plus the resumption of buyers' optimism. Offers Recession lessons to youth, including advice to pursue training in progressive areas.

In this particular entry into the indoor sport of Recession discussion, I propose to cover: first, a stock-taking on the *extent* of the setback thus far; second, the *causes* of the trouble; third, an analysis of the suggested remedies, and the accompanying difficulties; fourth, the duration; and fifth, its significance to you and what you young people can do about it.

A. Wilfred May

Whether we define our present situation as "slump," "recession," or by the naughty word "depression," there can be no doubt about our having slid off the 1954-1957 boom heights. The Federal Reserve Board Index of industrial production, which reports changes in the total output of our factories and mines, has since last June, fallen from 144 to about 130. More disturbing, at least to the public at large (and the politicians) is the course of employment. The percentage of the labor force which is unemployed has risen to almost 7%. Order backlogs have been steadily declining. The new orders booked by our factories have been lower than sales ever since January, 1957, which has importantly contributed to a seriously swollen inventory situation. The gross national product stands at about 3½% below the 1957 third quarter. Motor production which so vitally affects the raw materials, manufacturing, and even railroad and trucking sectors of our economy, is down by a full 25% from previous years. The barometric carloading figures have been running about 20% lower than last year. Capital expenditures by business are being drastically reduced.

Thus it is apparent that the current Recession could develop into a more serious decline than the set-backs of 1948-1949 or 1953-1954 — with the ameliorating factor that it is largely centered in hard goods.

Antecedents of Our Situation

Just how did we get into our present unpleasant condition? The answer is important particularly because the public's Recession discussion (much of it arising from Panic-politicking) and the fantastic remedies being advanced, generally gives no adequate recognition to root causes leading up to our persent status. The simple fact is that the country was on a binge ever since 1954, marked by gross overexpansion of plant, overproduction of durable goods, and overaccumulation of inventory. Excess capacity was being built via high and rising cost of construction and equipment, contributing to a major squeeze of costs on profits—all resulting in reduced liquidity of businesses, large and small. All through 1955, 1956 and the greater part of 1957 consumers were spending and corporations expanding on a record scale—with the balloon getting additional oxygen from enormous government expenditures and "administered" wage-price rises. Shall we wonder that this could not go on indefinitely—at least without some pause?

Befuddlement Via Politics

But the public consideration of our situation has become completely befuddled by the political foot-balling by our legislators, and would-be legislators, who find themselves with the juiciest of issues in an election year. Surely, neither party is above sin. The Democrats see themselves with an adequate replacement for the now-outdated Sputnik issue for baiting the Republicans and clobbering them in November. The Republican rank-and-file, on the other hand, in lieu of endorsing the President's common sense and realistic attitude toward hasty and undesirable "remedies," feels constrained to advance schemes of its own to combat the charges of "do nothing-ism," "Hooverism," etc.

The workings of "political economics" are well demonstrated by successive pronouncements by Mr. Truman. Midst the 1949-1950 recession when the 7.6% unemployment figure exceeded the present deterioration, our then President-Politician uttered these soothing words: "A certain amount of unemployment, say from three to five million, is supportable. It is a good thing that job-seeking should go on at all times; this is healthy for the economic body." (Feb. 1950 interview). Now—Ex-President Politician Truman comes up with this philosophical switch: "There are those who have been saying that a little recession is a good thing for the health of our economy. They would like you to believe that a temporary curb of prosperity is the way to halt runaway inflation. This kind of thinking is like believing a little bit of war might be beneficial" (Feb. 10, 1958).

Under our democratic processes, the interpretation of employment and production figures becomes just another weapon in our hand-to-hand political warfare.

The "Remedies"

Our pointing to the "economic politicking" that is going on should not carry any inference of doubt of the motives prompting all the suggestions for "anti-recession action." The proponents of such devices include academic economists and businessmen among others acting wholly free of political partisanship. But even where Washington does not propose, its manner of dis-posing is important.

Spending, and ever more spending in some form leads the field of palliatives. The impact from Federal spending on goods and services is dulled by the delay in the actual expenditures on purchases which, rather than budgetary allotments, are the crux. This delayed action includes the Defense sector, where step-up in ordering has been lagging, and will necessarily continue to do so. And should we not question the actual propriety of our vitally important Defense establishment to the needs of economically, and politically, Distressed Areas?

The proposals, coming from Secretary Dulles down, for tieing Foreign Aid spending to the tail of the recession, should be similarly questioned. Whatever the merits of Aid policy, surely they should be maintained independent of domestic WPA-ing!

Even the Highway Program, stepping-up purchases by state and local governments, will not increase spending much this year. And besides their stickiness, highway expenditures are slow, inflexible and unconcentrated.

A big public works program based on construction activities overlooks the fact that the unemployment is largely centered in hard-goods areas as automobiles and appliances. Lasting jobs cannot be created by merely forcing deficits. Public works, on the WPA technique actually tend to supplant expansion of private activity, which is the only road to full employment that is inflationless and otherwise sound.

The nation's total construction activity, running through January, has been at an all-time high. Thus, and with building costs at their peak, expanded public works would merely add to the inflation fuel without getting at the roots of our production or employment trouble.

And justification for skepticism about the efficacy of a public works program now is certainly confirmed by our abortive results in this area in the Nineteen Thirties.

Tax "Bonus"

Sharing the limelight on the economic restoratives are the proposals for tax cutting, with its application ranging from the lower- and middle-income groups advocated by Senator Douglas, to the across-the-board reduction recommended by the Committee for Economic Development. Appealing as any prospects of tax relief are, many doubts are in order. The proceeds of a cut do not go to the needy unemployed, but to those already blessed with income; there is no assurance that the recipients, particularly those who are already in an over-consumed status, will rush out to spend this "bonus," particularly if it is wrapped up with a terminal date. And if there is no terminal date, the effect of the deficiteering on the Government's finances will be murderous — even a one year bonus being bad enough.

As during boom periods, the public's "quarter-backing" of the central bank's policy goes on unabated; now with the premise that increase of money and credit will stimulate recovery. But, as with the tax-cut other afore-mentioned remedies, the psychological factors affecting the concerned individuals are overlooked. A tax bonus would put money in people's pockets, but not ensure their spending of it. The money managers can make more credit available via the banks. Total personal income is still high, and savings are still rising; so much of the lack of buying comes from deliberate choice, stemming from their preceding "indigestion" which I have just itemized. In the industrial sphere, similarly, the concrete antecedents of which have led to making the slowdown, surely undermine the assumption of the automatic use of more credit by producers. In any event as the recent survey of consumer attitudes show, the public's proclivity to spend cannot be assumed to be correlated with their amount of wherewithal in the form of savings, to pay for it.

As Secretary of the Treasury Anderson has pointed out, drastic remedies with the attending clamor may actually cause industrialists as well as consumers to hoard rather than to engage in the hoped-for spending spree.

How Long?

By way of preliminary discussion of the slump's duration, we offer via a negative note, a challenge to the popular attribution of optimistic implications to the stock market's comparative recent strength. In the first place, the popular concept of stock price fluctuations as a guide to the course of the nation's economy manifests complete misunderstanding of the role of the market and its participants. In the second place, the historical record clearly demonstrates the market's divergence from the accompanying economic events.

Again negatively, in addition to the numerous economic imponderables, the unpredictability of the psychological influences, such as we have enumerated, precludes the setting of a terminal date.

The chief factor causing a lag in the recovery is the centering of the previous boom in durable goods—producer and consumers—where renewed expenditures are readily postponable. The comparative newness in the nation's stock of such durables, ranging from plant to homes to autos, makes delay likely, and healthy. A lasting pickup, renewing the long-term growth in our economy, must await the aging of these durables, plus the digestion of existing inventories, plus renewed spending inclination — a matter of *time*, not a process of pump-priming palliatives.

The Significance to You

What is the lesson to you, the young people of the nation, from our present economic experience? First, you have learned that boom and growth are not a one-way street; that fluctuations around long-term expansion are unavoidable in a free enterprise economy.

The present squeeze brings home to you the need for technical education and training, as the ingredients of permanent security. Moreover, you now realize, along with the rest of the business population, the need for ever greater and more efficient merchandising efforts!

*A talk by Mr. May at the All-Day Conference on the Recession; Fairleigh Dickinson University, Teaneck, New Jersey campus; April 1, 1958.

New Hutton Partner To Head Research

Richard B. Fant has joined E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange, as a general partner in charge of the investment research department, it was announced by Ruloff E. Cutten, managing senior partner.

Richard B. Fant

Mr. Fant was formerly Assistant Vice-President of the Savings Banks Trust Co. where he supervised the portfolio of the Institutional Investors Mutual Fund since its inception in 1953. Institutional Investors, which now has an asset value of approximately $34,000,000, is the common stock fund of the New York savings banks.

Having spent almost 30 years in the fields of investment research and security analysis, Mr. Fant plans to expand these services for E. F. Hutton's 34 branch offices throughout the country. He will also personally direct the firm's institutional investment services.

Reynolds Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

WINSTON-SALEM, N. C. — Richard T. Chesson is now with Reynolds & Co., Reynolds Building.

With Hayden, Miller

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio—Richard M. Eckley is now with Hayden, Miller & Co., Huntington Bank Building.

The State of Trade and Industry

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

Trade and industry news for the latest week reflects a favorable tinge with indications, however slight, that the recession presently holding the country in its grips may be tapering off.

On Friday last, it was reported that a high official of the United States Department of Labor indicated that unemployment may decline slightly during April, basing his contention on a March 28 Labor Department report, that a downward trend in both new and total claims for unemployment compensation continued the past week. The department noted the number of new unemployment benefit claims filed in the latest week dropped by 6,000 to 404,500, reflecting a slow down in layoffs.

This was the smallest number of new claims for any week of this year, but was almost double the 208,400 reported in the same week of 1957.

The total number of workers drawing unemployment pay also declined. This figure stood at 3,264,000 as of March 15, a decrease of 10,700 from the previous week. The total at this time a year ago was 1,614,000.

This reversal in trend, together with a pronounced monthly rise in farm income reported by the United States Department of Agriculture, lent encouragement to an otherwise gloomy picture.

Farm income, the Agriculture Department revealed, advanced 4% in the month ended March 15, the sharpest monthly increase since February, 1951.

Farm production and living costs rose by only 1% during the same period, placing their real return as of mid-March at 87% of parity. This put the parity index at its highest point in three years.

Other signs pointing to a change in the economic trend include a step-up in machine tool orders and a 14.9% increase in automotive output above that of the preceding week. "Ward's Automotive Reports," the past week stated that indications were that the automotive industry has "bottomed out" of its employment-production-sales problems and is gearing for a leveling-off period. It added, March new car sales had shown a definite firming tendency.

Personal income in February slipped fractionally to a seasonally adjusted annual rate of $342,000,000,000 from January, but was 1% above the similar level a year ago, according to the Office of Business Economics of the United States Department of Commerce. The month-to-month decline was centered in wages and salaries, especially among production workers in the metal, machinery and automotive industries.

February non-farm housing starts fell to 65,000 units from 69,000 in the preceding month, the United States Bureau of Labor Statistics reported. Most of the decline was attributed to unfavorable weather conditions. Business spending for new plants and equipment in 1958 will total about $32,000,000,000, down 13% from the 1957 total of $37,000,000,000, according to a joint survey of the United States Department of Commerce and the Securities and Exchange Commission.

In the steel industry this week, the current rash of plant shutdowns and worker layoffs are anything but encouraging, but some level-headed market analysts think an upturn is in the cards in the next two months, "The Iron Age," national metalworking weekly, reported on Wednesday last.

"I'll admit the order books don't show it, but I have good reason to believe that April will reverse the downtrend," a market research director for a major steel company told "The Iron Age."

Another market analyst who correctly forecast the slump in steel demand put it this way: "There will be a definite upturn in May and June. I look for steel output to hit 70% of capacity in May, compared with the current level of about 50%." He predicts that output for the year will run about 95,000,000 tons, or less than 70% of industry capacity.

Meanwhile, the bad news continues to mount and the current slump indicates that present capacity is enough to meet the foreseeable demand in the next several years.

"The Iron Age" noted that the hardest hit steel producing

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Recovery and Role of Bankers

By LEE P. MILLER*

Vice-President, American Bankers Association
President, Citizens Fidelity Bank & Trust Co., Louisville, Ky.

Bankers must answer threat of government lending realistically by convincing customers that the credit they need to succeed will be extended, Kentucky banker asserts in urging "we do . . . our part . . . to help balance the economy . . . between inflation and deflation." Mr. Miller warns against being stampeded into drastic measures causing loss of faith in the dollar's value now that consumers and businessmen are convinced inflation is not inevitable. Criticizes downward growth trend of real GNP since 1955, and hopes tradition of sound instalment credit will continue so that such credit will insure better future growth of the economy.

In February, 11½ million more persons were employed in our country than in 1941. Few realized it. Yet widespread attention was focused upon the fact that unemployment rose in that month above the 5 million mark for the first time since 1941.

Lee P. Miller

The unemployment picture is very much in the public mind. It is creating an uncomfortable measure of anxiety for governmental leaders. Industrialists, labor leaders, bankers, merchants, and the man-on-the-street are acutely conscious of it. Little emphasis is being placed on the fact that even with the marked decline in the business indexes from recent peak levels, the economy is still operating at a very high level. Instead, there is concern over whether the unemployment situation will become worse and whether the forces of reaction will feed upon themselves to produce a more serious and protracted business decline.

The early months of 1958 have reminded us that the business cycle is with us. For a period, many had begun to doubt it. They believed that the road to economic progress had finally been leveled off, and that steady growth was practically assured. This viewpoint was predicated upon plausible factors—the pressure of an expanding population, a rising average level of consumption, technological progress, and comfort that government would be prepared to step in if the pace were to begin to slacken. Yet, because there was widespread acceptance of this base of optimism, a spirit of overconfidence developed. This overconfidence did not really spell the doom of the business cycle, but actually planted the seeds of reaction which since have germinated into the recession of recent months.

Since 1941, except for the war years, members of American Bankers Association have met annually to discuss not only operational factors and policies, but also the broad economic environment affecting instalment credit. In preparing this paper, I took the occasion to review the proceedings of previous conferences. I was particularly impressed by the philosophy of conservatism that has been built up by this group over the years, and especially by the warnings voiced in years of strong optimism about the wisdom of sound credit policies under changing economic conditions. Compared with many other facets of the banking business, instalment credit is still new. It justifiably could have been expected to experience growing pains. But if these growing pains have hardly been felt, it is because a conservative and forward-looking approach has underpinned bank progress in the field.

Judging from the record, bankers in the instalment credit business have not been among those who believe that the business cycle has been eliminated. They have, with foresight, placed much emphasis upon business development, the broadening of markets for both direct and indirect participation in the instalment credit field, and the formulation of new techniques and ideas that fit the needs of those markets. But they have done so in a tradition of conservatism. They have recognized that in order to carve a permanent niche for their institutions in the field, they must be guided by high standards of performance and policies that preserve customer goodwill over the long run. They have endeavored earnestly to understand the role of instalment credit in the growth and progress of the economy, and the importance of stability to that progress. In so doing, they are fortunately well prepared to deal with conditions created by shifting tides of the business cycle. They are on a firmer base for economic recovery than if such a tradition had not been developed.

This is important, because at a time when there is rather widespread concern over the unemployment figures — and emphasis upon pessimistic rather than optimistic business news—knowledge that one's house is in order establishes a firm base for confidence. It gives one the courage to look forward to the future—not with anxiety and fear, but with a strong sense of readiness to serve the growth potentials of a dynamic economy.

If these conferences, along with the other work of the Instalment Credit Commission, have helped to build this base of confidence by cultivating traditions of soundness in instalment credit, they can be said to have made a worthwhile contribution to the stability of such credit. They also can be said to have helped strengthen the role of instalment credit in the future growth of our country, even though in the course of the business cycle periods of overoptimism and recession are encountered as a natural phenomenon of a market economy.

The decline in general business activity during the past few months is a reminder that we are living in just such a market economy, in which the forces of supply and demand are constantly at work. It was easy to forget this when new records were being made almost daily and the elements of growth in the economy seemed to be so strong as to create an atmosphere of overconfidence.

I believe that there should be more general understanding that the forces of supply and demand in free markets are always in a delicate balance, and that often only a small degree of change is necessary to disturb that balance. The economy might be described as having to walk a tightrope between inflation and deflation. It

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*An address by Mr. Miller before the National Instalment Credit Conference sponsored by the A.B.A. Instalment Credit Commission, Chicago, Ill., March 24, 1958.

Many Greyhounds

By DR. IRA U. COBLEIGH

Enterprise Economist

Some notes about the rising trends in inter-city bus business, with special emphasis on the Greyhound system of fleet highway travel spanning all of the United States and a good portion of Canada.

Almost every financial paper we read talks about how the railroads are losing money on passenger transportation, and how most of them yearn to get out of that end of the business altogether. Well, as far as Greyhound is concerned, all that sort of talk is just dandy. For Greyhound Corp. is, today, the largest inter-city passenger carrier in the United States. It transported, in 1957, almost as many people as all the railroads in the country, put together. It does something more than 60% of the total inter-city bus business in the U. S. operating (including subsidiaries) 100,000 miles of routes and clocking considerably more than half a billion bus miles a year. This particular Greyhound is not only swift but capacious and profitable, keeping its eyes fixed on the cash register instead of a mechanical rabbit!

Ira U. Cobleigh

Greyhound Corp. has been in business since 1926; and an uninterrupted distributor of quite liberal cash dividends since 1936. 1938 was the first year in which consolidated statements for Greyhound and subsidiaries were available. That year showed gross bus revenues of $49.8 million. For 1957, this revenue was over six times greater—$308 million; and, in the 21-year interval, net worth had risen from $33.8 million to $111½ million. Today, Greyhound has by no means completed its growth. Fact is, prospects for 1958 are extremely bright, for reasons we shall delineate forthwith.

First of all, there's management. In early 1956, Mr. Arthur Genet became President at Greyhound. Before that, he'd been Vice-President-Traffic of the Chesapeake & Ohio, so he brought along plenty of demonstrated competence in the transportation business. At Greyhound Mr. Genet has definitely "revved" things up. Not only has the bus revenue moved ahead but many adjuncts to the business have been implemented, animated and expanded.

In March, 1957, the company entered a highly logical and related field, the motor car leasing and rental business, through a new subsidiary, Greyhound Rent-A-Car. It started with rental and leasing stations in a few cities and expects to serve 400 by the end of 1958.

There's Greyhound Post Houses, Inc., a chain of 147 restaurants which earned, in 1956, a net profit of 2.5% on total sales of $19½ million. There's also Greyvan Line, Inc., a sizable enterprise in moving van and warehouse service; and there's another subsidiary doing a growing business in air-bus package express, and providing a nationwide C.O.D. package service.

Greyhound Highway Tours, Inc. serves as a major travel agency, arranging group or vacation tours, providing guides and escorts, and making hotel and motel reservations.

Bus travel itself which is, of course, the main business has been extensively modernized and streamlined. There are Air Suspension Rides, "Scenicruisers," body contoured reclining chairs, air-conditioning, panoramic glare-free windows, lavatories, and attractive interior decoration. At the end of 1956, the Greyhound system was operating 5,900 buses, of which 1,000 were duel-level Scenicruisers. Over 500 more buses were added in 1957 and, for that year, Greyhound delivered, for the first time, over 10 billion passenger miles.

This is quite a story and you're hearing about it via a $5 million advertising budget (more than half allocated to radio and TV) stressing the speed, comfort and safety of Greyhounds, in a program particularly slanted to lure the private automobile tourist to bus travel.

All of which may indicate to you the present and potential investment merit of the 10,640,009 common shares of Greyhound now selling at 15 paying $1 to yield 6.66%. 1957 earnings were $1.22 per share. For 1958 a gain of 10 cents or 15 cents a share is expected.

Recently a major program of consolidation of subsidiaries and operating divisions has been completed. All lines west of the Rockies have been blended into Western Greyhound Lines serving 11 states. Central Greyhound Lines serves 15 mid-western states and is a merger of two prior corporate units. There are also in the east Southeastern Greyhound; Atlantic, Eastern and Richmond divisions; and Southwestern Greyhound.

We want especially to comment upon Greyhound Lines of Canada, Ltd., incorporated on Sept. 11, 1957, to consolidate all the Canadian properties, some of which had been serving sections of Canada as far back as 1931. This new company is primarily engaged (through subsidiaries) in motor bus business in Western and Eastern Canada, principally long distance routes. Directly, and through connection with associated Greyhound lines in the U. S., the company's subsidiaries provide a bus transportation system all the way from Toronto to Vancouver. Greyhound of Canada owned (12-31-57) 146 intercity type buses (95% manufactured by a company subsidiary, Motor Coach Industries, Ltd.); and has on order 23 more for 1958 delivery. As needed seasonally, additional buses are leased from Greyhound Corp.

Greyhound of Canada also owns and operates 12 terminals, the most impressive being the 10-story Greyhound terminal and office building in downtown Calgary, Alberta.

An important feature respecting the Canadian company is the recent public financing done entirely in Canada. There were offered $3,500,000 of 5½% sinking fund debentures due 3-15-78 (convertible into common at $11.50 per share through 3-15-63; and at $13.50 from then through 3-15-68) at par and 180,000 shares of common at $10. The common has been listed on the Toronto Stock Exchange and is now quoted at 10⅞, with an indicated dividend rate of 75 cents a share, supported by 1957 earnings of $1.22. At present price the yield is above 7%.

These securities were very well received by Canadian investors. Not only did they like the company, its earnings and its prospects, but they especially appreciated the opportunity to become investors in the Canadian unit of a major American corporation. There has been, in Canada, a considerable feeling of resentment that American corporations come to Canada, profit handsomely from the native economy, but siphon off the earnings to U. S. shareholders. This, many Canadians felt, prevented their citizens from sharing, by direct shareholding, in the profits of Canadian branches of American business. There are relatively few opportunities open to Canadian citizens for purchase of subsidiary equities such is Imperial Oil, an affiliate of Standard of N. J.; McColl-Frontenac, a Texas Company associate; British American Oil, affiliated with Gulf; and Bell Telephone of Canada, an AT&T associate.

In respect to the subject securities, 40% of the equity is being made available to Canadian citizens (either by buying the stock or through ultimate conversion of the debentures). Moreover, the company is managed by Canadians with, in the background, the experience, know-how and resources of Greyhound Corp. Greyhound of Canada thus becomes a worthy example of encouragement of sound Canadian-American business relationship; and the underwriters are to be congratulated for the contribution they have thus made to international economic good will. The Canadian flotations appear to provide an interesting opportunity for income combined with a potential for capital enhancement.

The prospect for sustained growth of Greyhound Corp. and its subsidiaries is attractive. New highways all over North America are reducing traffic delays, and cutting down intercity running time; passengers are switching from rail to bus in droves, lured by modern coaches, swift dependable service and convenience; and thousands of new communities have sprung up in a suburban and decentralized economy—communities solely dependent on bus lines for public transportation service. Because buses are here to stay, Greyhound is on the go. Greyhound Corporation has 70,000 stockholders.

FHLB Bonds on Market

Public offering of $290,000,000 Federal Home Loan Banks 3⅛% non-callable consolidated bonds dated April 15, 1958 and due April 15, 1963 was made on April 1 by the Federal Home Loan Bank Board through Everett Smith, fiscal agent of the Banks, and a nation-wide group of securities dealers. The bonds are priced at 100¾%. The offering of bonds instead of short-term notes, the customary financing medium of the Banks, is a part of the new program of the Home Loan Board, announced in February, to expand mortgage credit. The Banks have issued bonds, as contrasted with notes, on only three previous occasions: in 1946, when bonds with an 18-month maturity were sold; in 1938, five-year bonds, and in 1937, three-year bonds.

The purpose of today's offering is to provide additional funds for advances to member institutions of the Home Loan system.

Until the new program was adopted member savings and loan organizations could borrow from the Home Loan Banks, on a short-term basis up to 12½% of the individual member's savings capital. Under the new program the member may also borrow up to 5% of its savings capital on separate loans having a maturity of five years. The effect of this increase of their borrowing power to 17½% is to enable member associations to increase long-term lending.

Upon completion of the new financing, the Federal Home Loan Banks will have outstanding the $290,000,000 bonds and $277,000,000 consolidated notes.

Reynolds & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Cal.—Fred W. Paper is now with Reynolds & Co., 919 Tenth Street.

Three With Sutro Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Francis M. Dillman, William J. Ervin, Jr., and Donald J. Willfong have become associated with Sutro & Co., Van Nuys Building.

Washington Turns Down Britain's Dollar Loan Request

By PAUL EINZIG

One of Britain's leading economists reports, and expresses approval, that his country's recent request for a large dollar loan was turned down by Washington. Dr. Einzig states he sees no need for it if his government is serious about rigorously fighting price inflation and terms it demoralizing, degrading and "little short of national disgrace" should concern for popularity bring about "line of least resistance" and relaxation of disinflationary squeeze. Hopes U. S. A. will not finance inflated "unearned wages of the pampered and spoilt British industrial workers."

LONDON, Eng.—Two senior officials of the British Treasury, Sir Leslie Rowan and Sir Robert Hall, paid a visit recently to Washington, with the object of making preliminary soundings about the possibilities for securing a very large dollar loan, either through a direct operation or through a substantial increase of the American contribution to the International Monetary Fund or the International Bank. This visit seems to indicate that Sir Oliver Franks has succeeded in persuading the British Government to adopt the suggestion he made in his Chairman's report to the shareholders of Lloyds Bank—that the Sterling Area gold reserve should be considerably reinforced with the aid of some such operation.

Paul Einzig

Washington Turns Down Loan

But the emissaries of the Treasury are understood to have returned empty-handed. They found that the prospects for obtaining the co-operation of the Washington Administration for such a scheme were anything but favorable. The domestic political situation in the United States precludes for the present the possibility of placing substantial dollar facilities at the disposal of Britain. The weakness of President Eisenhower's position, due partly to his unsatisfactory health and partly to the strength of the Democrats in Congress, is in itself sufficient to damp down any hopes. It is considered to be most unlikely that anything could be done at least until after the Congressional election in November.

Even though the operation is, therefore, far from imminent and far from certain, the fact that preliminary soundings have been made is itself very significant. It shows how easily the Government can yield to the temptation of taking the line of least resistance. After six months of firm policy there are now signs of a weakening of the determination to resist inflation at all costs. The premature reduction of the bank rate was one of the symptoms pointing in that direction; the abortive attempts to get Washington interested in the gigantic dollar loan scheme was another.

It is of course very tempting for the Government to try to regain its popularity in the country by relaxing the disinflationary squeeze without thereby running the risk of being forced to devalue sterling as a result of a depletion of the gold and dollar reserve. It is highly doubtful, however, whether the bolstering up of the sterling exchange with the aid of borrowed dollars would save the Government at the next general election. For the relaxation of the credit squeeze would result in the resumption of the wage spiral. And it is the non-stop rise in the cost of living which is mainly responsible for the Government's unpopularity among the long-suffering middle classes on whom a Conservative Government necessarily depends for its continued existence.

Inflation-Encouraging

The trade unions, which have been marking time during the last six months, would press forward with maximum wage claims as soon as the gold reserve is reinforced with the aid of the proposed transaction. The employers, too, would show once more increased willingness to grant wage increases, on the assumption that in the absence of the disinflationary squeeze they would be once more in a position to add the increased wages to their prices. Inflation would become accentuated in Britain, precisely at a time when the trend abroad would be distinctly deflationary. The contrast between the trend in Britain and abroad would inevitably affect the British balance of payments, and the newly acquired dollars would be lost in a very short time.

The memory of 1946-47, when the proceeds of the biggest dollar loan for all times melted away in a matter of months, is still fresh in the minds of many people in Britain. They do not relish in the prospects of their grandchildren and great-grandchildren being burdened with the repayment of the new loan—as they are already burdened with the repayment of the loan of 1946—all for the sake of enabling the trade unions for a short time to continue to secure inflationary wage increases with comparative impunity. It is widely felt on this side that, had it been realized in the United States when the loan was negotiated in 1945 that the transaction would bring absolutely no benefit to Britain and that its proceeds would go down the drain, the loan would not have been granted. And it is hoped that, on the basis of that lesson, the United States Government would think twice before agreeing to a repetition of that experience in the lifetime of the same generation.

In any case, if Britain should succeed in resisting inflation then it would be superfluous to reinforce artificially her gold and dollar reserve. From the point of view of the nation's self-respect it is absolutely essential that it should be able to solve its problem without external aid. In 1945, at the end of six years' war in which Britain's economic resources had been exhausted, there may have been excuse for borrowing from the United States. The population was physically exhausted and after its supreme effort during 1939-45 it could not be expected to put up with a period of peacetime austerity and extra hard work for the sake of working out its own salvation. Britain's industrial equipment was worn out, her stocks of materials and consumer goods run down to the barest minimum.

Fear Demoralization

But today, with British industry re-equipped, modernized and expanded, with ample raw material reserves, and with large inventories of consumer goods, there should be no excuse for going cap in hand to Washington to borrow billions of dollars. The mere fact that the Government is seriously entertaining the idea shows the prevailing degree of demoralization even under a Conservative government. Surely it is not for American taxpayer and the American investor to finance the inflated unearned wages of the pampered and spoiled British industrial workers.

Above all, it is little short of a national disgrace that the Government should make even preliminary attempts to raise a new dollar loan while availing itself of the waiver clause in the 1946 loan agreement for deferring the payment that fell due in December last. One begins to wonder whether even a Socialist Government would be capable of going beyond such a degree of degradation. Where are the days when the Conservative Government's slogan was that "the pound must be able to look the dollar in the face"?

Hannaford Talbot Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John C. Poshepny has become connected with Hannaford & Talbot, 519 California Street, members of the Pacific Coast Stock Exchange. Mr. Poshepny was previously with Schwabacher & Co.

Dealer-Broker Investment Recommendations & Literature

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

Aircraft Industry — Bulletin — J. R. Williston & Beane, 115 Broadway, New York 6, N. Y.

Atomic Energy—Review—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Atomic Letter No. 36—Data on companies deriving earnings from atomic energy — Atomic Development Securities Co., Inc., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Banks—Comparative data on 100 largest banks—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available is a memorandum on **Rexall Drug Co.**

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

Business Outlook for Japan in 1958—Review—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y.

Canada and Canadian Provinces—Analysis of funded debts outstanding January 1958—Investment Dealers' Association of Canada, 55 Yonge Street, Toronto, Canada.

Canadian Convertible Bonds — Bulletin — Midland Securities Corp. Limited, 50 King Street West, Toronto 1, Ont., Canada.

Closed End Investment Trusts—Report—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

Dominican Republic—Survey—Chemical Corn Exchange Bank, International Division, 165 Broadway, New York 15, N. Y.

Investment Review 1957—Holdings of the company—Mutual Benefit Life, 520 Broad Street, Newark 1, N. J.

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

Low Priced Stocks—Review of **United Corporation, Standard Financial, United Asbestos** and **Briggs Manufacturing Co.**—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Market Review—Analysis of current situation—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also in the same review is a discussion of interesting **utilities** and of **Revlon.**

Mutual Fund Calculating Tables—Indicating number of shares purchasable by different amounts for funds at offering prices from one to one hundred dollars per share—$3.50—Caspar C. Schneider, P. O. Box 143, Bowling Green Station, New York 4, N. Y.

Natural Gas Package—Data on **Alberta Gas Trunk Line Company, B. C. Power Corp., Ltd., Consumers Gas Co., Quebec Natural Gas Corp.** and **Union Gas Co.**—James Richardson & Sons, 173 Portage Avenue, East, Winnipeg and Royal Bank Building, Toronto, Canada.

Oil in Canada—Facts and figures—Wood, Gundy & Co., Inc., 40 Wall Street, New York 5, N. Y.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 19-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Philadelphia Bank Stocks—Comparison of 12 largest Philadelphia banks—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Real Estate Bond & Stock Prices—Circular—Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y.

* * *

Abbott Laboratories—Data—Abraham & Co., 120 Broadway, New York 5, N. Y. Also in the same bulletin are data on **Niagara Mohawk Power** and **Quaker Oats.**

Allied Laboratories—Report—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **American Hardware Corporation** and **Aldens Inc.**

American Enka—Data—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same bulletin are brief analyses of **Avco, Combustion Engineering** and **Consolidated Foods.**

C. I. T. Financial Corporation — Review in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a review of **Hart, Schaffner & Marx** and a selected list of "Sheltered" stocks.

Canada Dry Corp.—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Colgate-Palmolive Co., Litton Industries, Inc., Greyhound Corp., Hertz Corp.**; the current issue of "Pocket Guide" discussing 20 most popular Monthly Investment Plan stocks; and the March-April "Market Review" with lists of companies that could earn more in 1958; and a suggestion portfolio of sound low priced stocks.

Central Maine Power Company — Analysis — Coffin & Burr, Incorporated, 60 State Street, Boston 9, Mass.

Century Food Markets Company—Bulletin—De Witt Conklin Organization, 120 Broadway, New York 5, N. Y.

Christiana Securities Co.—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Consolidated Paper Corporation — Analysis — Leggat, Bell, Gouinlock Ltd., 414 St. James Street, West, Montreal, Que., Canada.

Cook Electric Company — Report — Joseph Faroll & Co., 29 Broadway, New York 6, N. Y.

Cormack Photocopy Corp.—Report—Ross, Lyon & Co., Inc., 41 East 42nd Street, New York 17, N. Y.

Delta Air Lines, Inc.—Review—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Hagan Chemicals and Controls, Inc.—Analysis—Singer, Dean & Scribner, Union Trust Building, Pittsburgh 19, Pa.

Hertz Corporation—Annual report—Treasurer, The Hertz Corporation, 218 South Wabash Avenue, Chicago 4, Ill.

Kusan Incorporated—Report—Leason & Co., Incorporated, 39 South La Salle Street, Chicago 3, Ill.

Landers, Frary & Clark—Bulletin—Georgeson & Co., 52 Wall Street, New York 5, N. Y.

P. Lorillard Company — Annual report — P. Lorillard Company, 119 West 40th Street, New York 18, N. Y.

Montgomery Ward—Memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

National Aluminate Corp.—Memorandum—Blunt Ellis & Simmons, 208 South La Salle Street, Chicago 4, Ill.

Nationwide Corporation — Study — Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif. Also available are reviews of **American Surety Company, Jefferson Standard Life Insurance Company, California-Western States Life Insurance Company, Commonwealth Life Insurance Company, Kansas City Life Insurance Company** and **Life & Casualty Insurance Company of Tennessee.**

Otis Elevator Company — Analysis — Glore, Forgan & Co., 40 Wall Street, New York 5, N. Y.

Ryder System Inc.—Analysis—Winslow, Cohu & Stetson, 26 Broadway, New York 4, N. Y.

James Talcott Inc. — Data — Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **Schenley Industries.**

Tishman Realty & Construction Company Inc. — Analysis — Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

United Aircraft Products—Analysis—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

United Biscuit—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y. Also available is an analysis of **Flintkote Co.**

United Fruit Company—Review—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Varian Associates—Data—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are data on **Packard Bell Electronics, Singer Manufacturing, Food Machinery & Chemical Corp.**, and the current issue of the "Bache Selected List" containing opinions on 382 common stocks.

Walker Manufacturing Company—Review in current issue of "Business & Financial Digest"—Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also in the same issue is a review of **Southwestern States Telephone Company.**

COMING EVENTS

In Investment Field

April 11, 1958 (Toronto, Canada)
Toronto Bond Traders Association annual dinner at the King Edward Hotel.

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

April 25, 1958 (New York, N. Y.)
Security Traders Association of New York Annual Spring Dinner at the Waldorf-Astoria.

May 1 & 2, 1958 (St. Louis, Mo.)
St. Louis Municipal Dealers Group annual Spring Party.

May 12-13, 1958 (Cleveland, Ohio)
Association of Stock Exchange Firms Board of Governors meeting at Statler Hotel.

May 16, 1958 (Baltimore, Md.)
Baltimore Security Traders Association annual spring outing at Country Club of Maryland.

May 22-23, 1958 (Nashville Tenn.)
Nashville Security Traders Association dinner at Hillwood Club, May 22, outing at Belle Meade Country Club May 23.

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

June 13, 1958 (New York City)
Municipal Bond Club of New York 25th annual field day at Westchester Country Club, Rye, N. Y.

June 19, 1958 (Minneapolis-St. Paul)
Twin City Bond Club annual picnic and outing at the White Bear Yacht Club, White Bear Lake, Minn.

June 20, 1958 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia summer outing at Overbrook Country Club, Radnor Township, Pa.

June 27, 1958 (New York City)
Investment Association of New York outing at Sleepy Hollow Country Club, Scarborough on the Hudson, Scarborough, N. Y.

June 27, 1958 (Philadelphia, Pa.)
Philadelphia Securities Association annual outling at the Overbrook Golf Club, Bryn Mawr, Pa.

Sept. 18-19, 1958 (Cincinnati, Ohio)
Municipal Bond Dealers Group annual outing — cocktail and dinner party Thursday at Queen City Club; field day Friday at Maketewah Country Club.

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

Oct. 6-7, 1958 (Boston, Mass.)
Association of Stock Exchange Firms Board of Governors meeting at Somerset Hotel.

Nov. 30-Dec. 5, 1958 (Miami Beach, Fla.)
Investment Bankers Association of America annual convention at the Americana Hotel.

McLaughlin & Co. Inc. To Be Formed in NYC

McLaughlin & Co., Inc., members of the New York Stock Exchange, will be formed effective April 14, with offices at 52 Wall Street, New York City. Officers will be Henry Kaufman, President; John F. McLaughlin, Vice-President; Frank J. Brady, Secretary; and Cyril J. Andrews, member of the Exchange, Treasurer. Mr. LcLaughlin, Mr. Brady and Mr. Andrews are partners in McLaughlin, Cryan & Co. which is being dissolved the same date.

Form Nat'l Securities

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—National Securities, Inc., has been formed with offices at 1224 Spring Street, Northwest, to engage in a securities business. Officers are Robert A. Hays, President; Ray E. Griggers, Vice-President; and Ferrin Y. Mathews, Secretary and Treasurer.

Gt. American Inv. Opens

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Great American Investments, Inc., has been formed with offices at 552 Valley Green Drive, Northeast, to engage in a securities business. Officers are P. G. Byrne, President; Frank K. Noll, Vice-President; and Charles M. Holt, Secretary-Treasurer.

California's State Treasurer Discusses Impending Financing

A. Ronald Button, California State Treasurer, said on April 2 that California's sound economy and financial condition make the state's bonds an especially good buy this year.

Mr. Button is in New York for a round of meetings with investment executives in advance of a sale of $100,000,000 in California general obligation bonds on April 23rd.

Of the bond sale proceeds, $50,000,000 will be used to finance state loans and grants to local school districts for classroom construction, and an equal amount is for home and farm loans to veterans.

The veterans bonds, the Treasurer emphasized, are completely self-liquidating through monthly contract payments by the loan recipients. And, he said, about half of the debt service on the school bonds is met by repayments from the local districts.

"Of California's outstanding general obligation bonded debt of $1,232,000,000," Mr. Button stated, "all but about $33,000,000 is for these two programs. Thus we do not have the drain on general revenues that most other states have in servicing their debts.

"California had virtually wiped out its bonded debt, except for funded or self-liquidating issues, by the end of World War II. Our debt still is moderate.

"In view of these facts, and with recent decreases in the interest return on governmental obligations, I think California bonds are an especially good investment at the present time."

The California Treasurer conceded that revenues of his state government are being affected, along with those of other states, by the slowdown in business activity. But he said the slump apparently is felt to a lesser degree in California than in the nation as a whole.

He pointed out that nationally, 7.7% of the working force was unemployed in February, compared with 6.4% in California. Layoffs by aircraft manufacturers in the state apparently have about ceased, he added.

Reserve funds are available in the California treasury to offset a slowed rate of revenue increase, Mr. Button said. He added that both houses of the California legislature have registered preliminary votes for a balanced state budget for fiscal 1958-59, which should be finally approved in a few days.

Three With First Sierra

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Anthon J. Curro, George S. Hauck and Donald M. Terry have become connected with First Sierra Corporation, 98 Post Street.

Mansfield, Miller to Be Lazard Partners

Lazard Freres & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, on May 1 will admit Richard H. Mansfield and Edward G. Miller to partnership. Mr. Mansfield since 1948, has been General Manager of Rockefeller Brothers, Inc., an officer of Rockefeller Center, and financial adviser to the Rockefeller family. Mr. Miller has been a partner in Sulivan & Cromwell, attorneys.

Joins H. W. Schmidt

DETROIT, Mich.—John S. Christian is with H. W. Scamidt & Co., 17319 Wyoming Avenue.

Impact of Monetary Policy Change On Savings and Loan Assns.

By RAYMOND RODGERS*
Professor of Banking, Graduate School of Business Administration
And in the School of Commerce, Accounts and Finance
New York University

Banking professor sees business reaction as more than a "rolling adjustment" but does not dismiss, notwithstanding, the danger of inflation. Professor Rodgers expects: (1) the money supply to go up but not on the mistaken scale of 1953-54; (2) savings accounts in savings banks and savings and loan associations to hold up well in months ahead, but downward trend in rate of growth to continue in 1958; and (3) long-term money market downward trend to be slower than in recent months and short-term market interest rate trend to be definitely downward. Advises bankers not to sacrifice strength for income as inflation is said not to be a cure-all for unwise or careless policies, and to maintain greater liquidity, caution, leadership and harder work.

After more than two and a half years of credit restraint to fight inflation, the Federal Reserve authorities on Nov. 15, 1957 dramatically cut the discount rate a full ½%, instead of the ¼% which had been used in all changes since 1942, except the increase of Aug. 23, 1957 which was likewise ½%. Moreover, instead of paving the way for the change by open market operations, as ordinarily done, the November reduction **led** the market.

Raymond Rodgers

Does this mean that inflation is no longer a threat? Or, does it mean that the Federal Reserve authorities have given up the fight against inflation as hopeless because of the built-in inflationary factors in our economy? Let there be no mistake about this! There are many such factors, the more important ones being:

(1) Agricultural price-support, which keeps the cost of food and fiber at artificially high levels;

(2) Ever-higher wages and fringe benefits whether justified by increased productivity or not;

(3) Tax policies, which take an unconscionable part of today's income;

(4) Deficit financing, which is soon to be resumed, through the commercial banks, which increases the money supply;

(5) Government subsidies, subventions and guaranties, which artificially support prices; and

(6) Price rigidity, which prevents a sound economic readjustment.

Stability Is Important to Savings Institutions

As economic stability and confidence in the American dollar are vital to the future of our savings institutions a brief analysis of the reasons for the change in credit policy will help in reaching conclusions as to the future.

With the benefit of hindsight, it is now quite clear that the discount rate should not have been raised on Aug. 23, 1957. By that time business activity had passed its peak and a decline was getting under way. Even more obviously, the Reserve authorities erred in maintaining the discount rate at 3½% until the middle of November, as unmistakable signs of weakness appeared in September, and they multiplied in October.

But this continuation of credit restraint, this overstaying of the boom, and their subsequent reluctance to increase the credit base clearly indicate that the Federal Reserve authorities are fully aware that inflation is still a very real danger—that it may be quiescent, but it is not vanquished!

This philosophy explains the "dragging of feet" in Federal Reserve policy since last November. The change in policy so dramatically proclaimed at that time and further proclaimed since then has been more psychological than anything concrete they have done. In short, most of the relaxation has been **permitted,** not **caused,** by them. The only direct action increasing the credit base, which we can be certain was deliberate, was the modest reduction of ½% in reserve requirements. This, of course, does not even remedy the existing inequities in reserves, much less qualify as a bold anti-deflationary step. Clearly, they are trying to help reverse the downward trend in business and to assist the Treasury without making any consequential contribution to the inflationary trend which is certain to become a pressing problem once this readjustment runs its course.

Psychological Factors Have Ruled

It is important to realize that the boom in the bond market and the decrease in interest rates have, so far, been due largely to psychological forces. Spelling this out, the moment the Reserve authorities lowered the discount rate, many potential sellers of bonds held back because they realized that bond prices inevitably would go up. On the other hand, potential buyers of bonds who had, up to Nov. 15, held back their purchases in the confident expectation that succeeding issues would offer higher yields, rushed in to buy and thus drove bond prices up.

These psychological factors and a decline in the demand for bank loans also eased conditions in the money market and drove down the yields on Treasury bills and other short-term obligations.

Business Reaction More Serious Than Anticipated

It is also important to realize that the current readjustment is more than a "rolling readjustment."

Unemployment is crowding five million. The average weekly hours worked by manufacturing production workers in December dropped to the lowest level for the month since 1939. The rate of factory hirings has dropped to the lowest point since 1937. The industrial production has already declined the 10% of the 1948-49 and the 1953-54 reactions, and there are many indications that this decline will continue.

Steel output is consistently running under 60% of capacity; and their October plans to spend $1.4 billion for new plant and equipment, which were indicated in lats Fall's McGraw-Hill survey of capital spending plans, are now being cut back to $1 billion, according to the American Iron and Steel Institute — a discouraging slash of nearly 30%!

The automobile industry likewise is falling substantially behind expectations. Although production schedules in the January-February period were cut some 28% under January - February 1957, retail sales dropped even faster, with the result that "Ward's Automotive Reports" estimates the inventory of unsold new cars will approach 900,000 units before the spring selling season gets under way. And as for the optimists who expect that a sharp upturn in automobile sales during the May-June quarter will solve the problems of the industry, if they will consult the record they will find there was no such upturn in either 1957, or in 1956. Apparently, the earlier introduction of models in the fall has changed the seasonal pattern of automobile sales.

So, the danger of inflation notwithstanding, the monetary managers had to do something. Moreover, present indications are that they will have to do considerably more than they have done thus far.

What will be the impact of this changed monetary policy on those economic factors vital to savings institutions, such as the money supply, saving, interest rates and, above all, inflation? These are important enough to warrant analysis, one by one, which will now be done. But, remember, any such analysis is of **now**—to be of continuing value must be kept up-to-date! The American economy is so dynamic and there are so many important factors which cannot be known until the event, that even as we are making this analysis, new developments in either Moscow or Washington may make our conclusions out-of-date. We must continually watch such unknown factors as:

(1) The international political situation, which is always full of surprises, to put it mildly;

(2) The steps which will be taken by the Administration to counter the decline in business activity;

(3) The speed with which these counter-cyclical measures will become effective; and

(4) The greatest unknown of all, the reaction of the American people themselves!

Despite the unpredictable nature of many important factors, executives, especially financial executives, must plan ahead—far ahead. So, let's try our hand at a road map for the days ahead in the field of savings.

Outlook for the Money Supply

The outlook for the money supply is a good factor on which to start. In this field, the first thing that hits the eye is the paradox of a reduction in interest rates without an increase in the money supply, which was brought about largely by the monetary authorities. Money was made cheaper but not plentiful. In fact, the commercial banks had to do more borrowing at the Federal Reserve in December 1957 under the new policy than they did in December 1956 under the restrictive policy. This is a demonstration of the power of money management which we should, indeed, keep in mind.

Their success so far notwithstanding, the money supply must be expected to go up. The Federal Reserve inevitably will have to take further steps. Not only will they have to take further action to increase the liquidity of the economy and to encourage increased spending financed by credit expansion, but they will have to create further reserves to enable the commercial banks to buy a sizable part of $4-$6 billion of bonds which the Treasury will have to issue for new money before the year is out.

So, we can expect the money supply to increase. But don't expect them to overdo it as they did in 1953-54. The boost given housing and automobiles by that increase in the money supply led to a relaxation in credit terms and greatly increased sales, and thereby gave birth to the great investment boom in plant and equipment expansion, which caused the inflationary pressures that became so troublesome in 1956 and 1957. Clearly, the Federal Reserve will not make that mistake again!

Outlook for Saving

Turning to the outlook for saving, the first thing to note is that the American economy is one of an unusually high standard of living — around 50% of all consumption expenditures are **optional** in character! This means that there is a very wide range of total income which our people can either spend for today's goods or save for tomorrow's goods, and enjoy the income on the saving in the meantime. Through their decisions to spend, or to save, consumers basically control the American economy, and its rate of growth.

The Department of Commerce figures on past saving show that aggregate personal saving tends to decline absolutely, and, also, relative to income during a period of cyclical recession such as we are now having. But their total on personal saving includes not only persons, but also unincorporated businesses (including farmers); and it also includes many items in addition to the cash savings in which we are primarily interested.

In the same fashion, Dr. Raymond Goldsmith, in his splendid work, "A Study of Savings in the United States," includes investment in consumer durable goods and other items along with the increase in savings accounts to arrive at his yearly total of saving. On this basis, he shows that saving has fluctuated violently from year to year during the first half of this century. In fact, he shows that at least half of the time, one year's national saving has been 50% or more above or below the preceding, or the following year.

Happily, cash saving in the form of accounts at savings banks and savings and loan associations shows much greater stability and thus may be expected to hold up well in the months ahead.

Unhappily, however, there has been a downward trend in the rate of growth of such savings since 1954—this became especially marked in 1957, partly because of the sharp rise in savings and time deposits in the commercial banks. And while it is true that the end of the boom will remove some of the competition for the consumer's dollar, it is indeed doubtful that there will be an appreciable upward swing in the rate of saving during 1958.

Of course, **negative saving**—the repayment of debt—may be expected to go up because of declining confidence on both the lending and the borrowing side. But this will tend to reduce the total of cash saving as people use

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*An address by Prof. Rodgers at annual stockholders luncheon. Federal Home Loan Bank of Cincinnati, Cincinnati, Ohio, March 11, 1958.

The Appliance Industry

By CHRIS J. WITTING*

Vice-President, Consumer Products Group, Westinghouse Electric Corporation, Pittsburgh, Pa.

Careful study of appliance-television industry as a field for instalment credit financing, by small town and rural bankers, at both wholesale and retail levels is suggested by Westinghouse executive in the hopes that a sound finance plan would, if adopted, make purchases attractive and easy. Mr. Witting sees here an essential part of any marketing plan designed to get durables rolling in volume again. Looking at 1957 and the years ahead, the author notes sales last year were third highest in history and sees continued steady growth in next five years, and expects present 57 to 58 appliances per home to increase to 100 in next decade.

The year 1957 was a tremendous one in American industry and business. Gross National Product reached the all-time high of $435 billion.

Chris J. Witting

So, too, personal disposable income achieved a new record—$300 billion. Of that income, consumers spent $281 billion—$36 billion going for durables, like major appliances and television receivers.

Yet appliances and television, you are told, proved to be the soft spot in our economy, continuing all through the year the decline that they started to show in August, 1956.

So, where, you are wondering, does that leave these industries as markets for instalment credit financing, and how can you, as lenders, help in the financing of both wholesale and retail commitments there? Study of a few facts will help you come to your own conclusions. Part of my mission here this morning is to give you these facts.

It's true—dollar volume in both appliances and television sales is down—by 6.5% as compared to 1956. Major appliances wound up 1957, 11% off; television, 3.5% down.

But, withal, together, they had the third best year in history. Retail volume totaled $7.884 billion. Thirty-four million units were sold during the year, and sales ran very high for many items. There were, for example, more than a million and a half room air conditioners sold for $506 million; 1.319 million clothes dryers for more than $300 million; and 3.75 million vacuum cleaners for more than $275 million.

But what's going on in the industry, you wonder. You're getting disturbing reports. Profits are being squeezed, you hear. Distribution patterns are being changed quite markedly. Small dealers are in trouble.

All these things are true. Between 1952 and the end of 1957, the prices of major appliances declined 25%. But at the very same time the cost of labor and materials required to turn them out went up tremendously. Wages, for example, rose 28%; and increases written into labor contracts leave no doubt that they'll go higher in 1958. Materials spiraled 19.3%. Yet your wife can go out today and, most anywhere, buy a 1958 model 8 cubic-foot refrigerator for $50 less than she paid for the same sized box in 1948. The same situation prevails in television.

Everybody has suffered. This price-cost squeeze is one of the reasons why there's been a decline of 25% in stockholders' equity in the industry in the last five years; why between 1951 and 1956 the electrical equipment industry dropped from third to eighth position on the Department of Commerce's list of industries. The National Appliance and Radio-TV Dealers Association reports that dealer profits slipped from a high of 8.5% on sales in 1946 to 3.4% in 1955, and on down to 1.2% in 1956. It adds that 28% of its members reporting on a 1957 survey indicated that they were operating in the red. Four hundred appliance-TV dealers closed their doors in 1957. Now their leaders are urging them to diversify—to add new products—to stay alive.

Distribution at both wholesale and retail levels is changing—fast. As profit margins are squeezed for distributors, manufacturers increasingly are being forced to set up factory branches and take on the historic role of the independent distributor. The remaining independent distributors appear either unable or unwilling to meet the demands of this new, more competitive, promotion-minded era.

In major markets, larger outlets are doing more and more of the business. The Department of Commerce has said that in 1954, 4% of the country's retailers accounted for 28% of its sales. The super-market type of operator—who moves great volume at low cost and low profit—appeared to have the edge until a year or so ago; but now, in many cities, department stores are challenging him. In secondary markets and rural areas, small dealers are still the backbone of the business. In fact, in 1956, 44% of Westinghouse sales were in cities of less than 25,000 population; 32% in towns of less than 10,000.

In cities, large and small, manufacturers are aggressively trying to improve their dealer structure, seeking fewer but better outlets—more substantial business men, willing to service and promote.

At the same time, marginal operators—manufacturers, distributors, and dealers alike—who were attracted to the industry by what looked like lush profit potentials a few years ago, have been pretty well shaken out.

The year 1958 will be highly competitive. But an encouraging factor, already apparent, is that sounder business practices will prevail than have characterized the industry during the last three or four years. A few price increases have been announced—and it looks as if they were going to stick. Buyers attending the winter market in Chicago in January were told plainly that there weren't going to be any "dumps"—the practice that has wrecked price structures during the last few years. Leaders among dealers are pressing their colleagues to write a profit into every deal they make.

So, the realists among you next ask: What kind of a future is the industry going to have—does it carry real promise for financing? profit and protection for your money?

Once again, the elements that go to make a sound answer are ascertainable—subject to your own judgment.

They are three principally:

- Our exploding population
- Continuing and successful research by manufacturers.
- Steadily increasing income for our work force, which provides the wherewithal to satisfy the desire to live better electrically.

Take population for a moment. A few days ago our population passed 172½ million. It's increasing at a rate of more than two million a year, so by 1968 we should have more than 190 million of Americans in this country—and their breadwinners will be earning more money, too.

That's not all. Research and product development programs are paying out handsomely every year, giving us manufacturers more and more products to sell. During the last two or three years, 50 to 60% of the industry's sales volume came from products that were unknown at the end of World War II. Westinghouse alone has a dozen such products. The industry today boasts 57 or 58 electrical products for the home. A decade from now it will have at least 100, each with its own tremendous market.

Take a quick look back for an understanding of what that will mean—financewise. In the last 10 years, the industry has marketed some 365 million major appliances, television receivers, and radios. Included were 55 million home laundry units, 47 million refrigerators, over nine million freezers, 16 million ranges, 10 million water heaters, over eight million room air conditioners, 2.5 million dishwashers, nearly four million disposers, over 37 million vacuum cleaners, nearly 60 million television sets, and 117 million radio receivers.

But right now, several standard items—like refrigerators and clothes washers—represent a tremendous replacement market. The 1957 refrigerator replacement market, for example, was figured at better than 62% of the products sold, which ran in excess of three million. Even in this long list of useful products are many with great sales potentials. For example, 80% of wired homes are without freezers—and surprising as it may seem, 14% without television.

So, too, 86% of all wired homes are without clothes dryers, more than 80% without water heaters, and 70% without electric ranges—even though they've been on the market a couple of generations. Dehumidifiers and food waste disposers are scarcely off the ground with homemakers—the first is in less than 2% of homes; the second in less than 8%.

Clearly ours will represent a tremendous market.

What's more, all the evidence available indicates that appliance-television customers will be more "instalment-credit-minded" in the future than now, even though 70% of sales at wholesale are thus financed today—70 to 80% at retail. The trend is all in that direction. For example, in 1952, only 38% of all families had instalment debt; but, by 1956, 45% were carrying it. In 1950, only 9% of after-tax income was pledged to pay off this kind of debt; in 1957, more than 13%—$1 in $8—was. As you know, consumer credit rose during 1957 by $2.7 billion to reach a figure of $44.8 billion; the rise was less than usual, but direction was all right—still up.

So, to sum up what I have just said:

Although the going is a little rough right now, and although some of you may entertain a dismal view of it, both the appliance and the television industries are sure to continue their steady growth during the next five years. The constancy of new product development and of population increase leaves no doubt about that. Thus, they promise a finance market many times the size of the present one.

This is no guess on our part, but a carefully documented fact to which Westinghouse is itself gearing its plans and its operations.

Behind this fact stands research in which Westinghouse in-

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*An address by Mr. Witting before the National Credit Conference of American Bankers Association, Chicago, Ill., March 24, 1958.

We Cannot Afford Not to Have a Trade Agreements Program Now

By HARRY A. BULLIS*

Chairman of the Board, General Mills

One of the country's leading businessmen stresses essentiality of reciprocal trade to well-being of all our major economic sectors and cruciality to our foreign policy in introducing the case for continuation of our Reciprocal Trade Agreements Program. Mr. Bullis denies present recession offers any oppositional grounds since it "is largely concentrated in durable goods production where we are especially efficient, and where we have our important export power."

The Reciprocal Trade Agreements Program of the United States has now more than become of age. The law was passed and approved initially on **June 30, 1934.** Agreements made under it have now been in effect for more than **21 years.** The program has served the interests of our people very well.

Harry A. Bullis

In these uncertain times, which are marked with difficulties in securing true world peace, the nations of the free world should bear in mind Benjamin Franklin's admonition that they "had better hang together, or they will hang separately." We, in the United States, do not have the margin of strength which can allow us to be indifferent to the needs of our allies. Rather, we must strengthen and enlarge all trade and economic bonds that may bind us together more firmly. History has amply demonstrated that the destinies of nations follow the course of trade.

*Introductory remarks by Mr. Bullis as chairman of the morning plenary session of the National Conference of Organizations on International Trade Policy, Washington, D. C., March 27, 1958.

Cruciality to Foreign Policy

Thus our Reciprocal Trade Agreements Program is a crucial matter. It has become a cornerstone in our foreign policy. It is our evidence that we intend to work, united and devotedly with the free world, to develop a margin of economic strength over the Communist world. We cannot "go it alone," nor can our allies prosper without us.

In the years since the Mid-1930's, we have accomplished a great deal with our foreign trade policy. Taking the period since the end of World War II, we have increased our imports from about $6 billion to almost $16 billion. Similarly our exports have increased because, as the record shows, when other countries are able to sell more of their products in the United States, they buy that much, and more, from us.

Essentiality to Our Economy

It is my conviction that a renewal of the Trade Agreements Act for a period of at least five years is essential to the well-being of all major sectors of our economic life. To that end, it must contain sufficient authority for tariff reduction, so that meaningful negotiations with other countries will be possible. Furthermore, I am convinced that not only is a continuance of this reciprocal trade program essential to each of these sectors, but that without it, our total economy will suffer in its capacity for growth.

There are those who will say that extension of the act must be opposed because of the present economic recession. However, the present recession is largely concentrated in durable goods production where we are especially efficient, and where we have our important export power. Therefore, in this period, the continuance of our foreign trade program becomes particularly urgent. While our general exports have fallen to some degree in recent months, we are fortunate that our business dip has not yet been more seriously reflected in the economies of our trading partners abroad.

We need only look back to the period following the enactment of the Tariff Act of 1930 to realize that restricting our imports in a period of recession makes certain the spread of recession around the world. We all know what that implies for our exports.

Cannot Afford NOT to Pass Bill

We need this Trade Agreement Act because we need our exports, particularly now. We should fight to the limit any claims from any quarter that we cannot afford a trade agreements program in a period such as this. The fact is that we canont afford **not** to have a trade agreements program now.

In our consideration of a foreign trade policy in the total national interest, we have proposed a discussion of that policy in terms of its effect on the major sectors of American economic life. We know that the value of a trade policy to the nation is the sum of its values to each part of the economy. We shall deal specifically with the Reciprocal Trade Program as the principal expression of our trade policy and as its operating instrument. We shall look at it from the point of view of agriculture, of industry, of the consumer, of the effect on our total domestic employment, and finally, examine its relation to foreign investment.

Ganser, Barrowclough First Michigan V.-Ps.

First of Michigan Corporation, underwriters and distributors of state, municipal and corporate securities, announced the election of Edward Ganser and George L. Barrowclough as Vice-Presidents of the company.

Mr. Ganser, formerly Assistant Vice-President, is with the firm's New York office, 2 Wall Street, while Mr. Barrowclough is resident manager of the Chicago office, 135 South La Salle Street.

Mason-Hagan Inc. Official Appointments

RICHMOND, Va. — Mason-Hagan, Inc., 1110 East Main Street, have announced that Harry C. Diggs, Jr. has been elected Treasurer and Robert H. Coulter, Jr., Assistant Secretary and Comptroller of the firm. Clyde A. Bracey, Jr. has been appointed Manager of the municipal bond department.

Mr. Bracey was formerly with Scott & Stringfellow.

Arnold Adds Two

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Howard Lewis and Saul Yarmak have become associated with Lloyd Arnold & Company, 364 North Camden Drive. Mr. Lewis was formerly an officer of Lewis-Davis, Inc., with which Mr. Yarmak was also associated.

Alexander R. Beard Now With Paine, Webber in Phil.

PHILADELPHIA, Pa. — Paine, Webber, Jackson & Curtis, Girard Trust Company Bldg., announce that Alexander R. Beard is now associated with their Philadelphia office as a registered representative.

From Washington Ahead of the News

By CARLISLE BARGERON

One doesn't want to minimize the seriousness of unemployment in this country. It is not a happy thing to be without a job particularly when there is a family to support. On the other hand there is a serious doubt as to whether the panickness of the politicians will be of the slightest help. All of the members of the House and two-thirds of the Senators are up for re-election this year so naturally their greatest concern is about becoming unemployed themselves.

Carlisle Bargeron

In a debate in the Senate a few days ago one of the soundest members, in my view, said that the country would be much better off if the politicians were to keep their mouths shut. It was a statement by Senator Capehart of Indiana, and a very sound suggestion, in this writer's opinion.

The Congress has been busy passing this spending program and that one. There is considerable agitation for a tax cut. All sorts of proposals, ranging from a complete forgiveness of income taxes for a few months or a year, to a repeal of the excise taxes, are being suggested. It would be doubtful if a sane program could be carried out. The sanest one would be a simple refusal on the part of the Congress to extend those excise taxes which are scheduled to expire on June 30. They are war levies and should not be in effect this long after the war anyway. If there is any tax relief—and there is the growing impression among Washington observers that there will be—the belief is that it is in this field that it will be first felt. After all, Congress will not be in the position of repealing these taxes. It will simply be refusing to reenact them. Affirmative action is also needed to keep the present corporate taxes at 52%. There is a growing opinion that this will be hard to do.

Failure to extend these levies would unquestionably afford a spurt to industry. The price of an automobile, for example, would go down $200 or so.

Senator Martin of Pennsylvania, and other members of the Senate Finance Committee, have gone to the White House with their proposal to let the Korean war excise taxes die. As to just what impression they made on the President, I do not know, and undoubtedly the politicians will feel (particularly the Democrats will insist), that if business is to have this windfall the "common people" should have something in the way of a reduction. It is difficult to imagine what would be more beneficial to the "common people" than to get a 10% reduction on automobiles or washing machines. Such a reduction, you would think, would cause a buying spree all around. The proposal of Martin and his colleagues also called for an agreement with labor and management that there would be no increase in wages or in prices. If either group has any sense this should not be hard to arrange.

When I think of the various measures Congress is passing to pep up the economy, I can't escape the fact that they would be administered by bureaucrats and that brings me to a piece of publicity from the Republican National Committee which I have just read extolling the virtues of the Small Business Administration. I happen to know of a man, all about him, who applied for a $20,000 loan last August. He has since gotten $10,000 of this loan guaranteed.

This man wanted to expand his business. At his last conference the SBA official told him his loan had been approved subject to the condition that he get his landlord to sign papers waiving any claim for rental in the event this fellow went broke. In other words, this fellow is renting property and it is no business of the landlord's as to where he gets his money. But he expects his rental on every first of the month. A government agency comes along and wants him to waive that rental.

In the course of the negotiations, my friend was told by the SBA official: "You think you are having trouble now, wait until you try to get your money."

Yet I am reading this Republican National Committee handout telling what a wonderful job the SBA is doing. The same thing will be true, of course, with any other funds which the government has to administer. People with influence will be able to get in on those funds. Just plan honest citizens won't have a chance.

In the meantime, every day coming downtown I pass a skeleton of a tremendous office building. We have had an unusually hard winter so this site is snow-covered and no work is going on. But let the snow melt and there will be employment for 3,000 men. The whole country has had a particularly hard winter. Let spring come and unemployment will be greatly relieved, not because of the action of politicians. Let us hope that spring comes soon before the politicians really bawl things up.

Fox Group Chairman In N. Y. Fund Drive

P. Fred Fox

P. Fred Fox, of P. F. Fox and Company, Inc., is a group chairman of unlisted brokers in the private firms division of the 1958 Greater New York Fund campaign..

Eastman, Dillion Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Walter L. Beers, Herbert M. Bullock, Jr., Thomas R. Clotfelter, Amos E. Schermerhorn, Howell N. Tyson, and Edward N. Ziegler have become associated with Eastman Dillon, Union Securities & Co., 3115 Wilshire Boulevard.

Two With Skaife

(Special to THE FINANCIAL CHRONICLE)

BERKELEY, Calif. — Earl M. Goldman and Robert E. Jones have become connected with Skaife & Company, 3099 Telegraph Avenue.

The Weather is Clearing For the Railroad Industry

By WILLIAM J. QUINN*
President, The Milwaukee Road
(Chicago, Milwaukee, St. Paul and Pacific Railroad Co)
Chicago, Illinois

Recently elected railroad President provides bill of particulars to support optimistic view concerning future of the railroads. Mr. Quinn sees business downturn alerting public to legitimacy of rails' claim for equality in competitive transportation field, cites many other reasons for being hopeful and, turning to his railroad, in particular refers to promising aspects of St. Lawrence Seaway.

Perhaps it is due to my newness to the job — perhaps I'm boldly treading where a man with more years as a chief executive of a large railroad would walk more cautiously — but I confess I find myself quite optimistic about the future of our railroads. I have tried to convey some of that hopefulness in the title of my remarks. I think it is, and I want to tell you why I feel that way. I don't mean, of course, that the sun is already shining and that all the problems the railroads have been laboring under for years will rapidly melt away. I am not in the least unmindful of the facts of life regarding traffic trends on the railroads — I am not trying to dodge obvious realities.

William J. Quinn

Who Shapes Rail Services?

Have you ever thought how many different groups in addition to railroad management have a hand in shaping railroad services, prices and policies? As an example, one group, the shippers, are able to affect railroad management actions much more than customers of other business are ordinarily able to do. Shippers participate and help shape our pricing policies through the procedures of the Bullwinkle Act, which require the docketing of proposals and public hearings where railroads attempt to take joint rate action; and also through the procedures of the Interstate Commerce Act and the various state regulatory acts which permit the challenging or testing of rates and practices under the administrative law processes.

The positions the shippers take, the demands they make, the testimony they offer—all have their effect on the ultimate result, whether it be by the so-called voluntary action of the carriers where such is possible or by the order of a regulatory body.

Consider the hand another group has in railroad affairs. For lack of a better term, I shall call this group the "general public." If we maintain an uneconomic service, such as a losing passenger train or other unnecessary facilities, it is really because the public wants it that way and is able to enforce its desires through commission orders or statutes enacted by the legislatures.

Finally, the hand that labor has in railroad affairs requires no pointing up, and the same is true for Government — state, Federal and municipal. It is well known that the railroads are the most regulated industry in the country.

Shippers, the public generally, labor and government all have a rather direct hand in the railroad managerial function, but my point is that there is not the machinery in the case of most businesses permitting such a direct hand in effecting managerial actions. It can be said truthfully that, in a good part at least, the railroads are, and their problems are, what their partners in management — shippers, the general public, labor and Government — want them to be.

That though is not new, and I have elaborated on it only because it leads me to some of the reasons why I am hopeful about the future.

Hope in Public's Realization

I am hopeful because I think that at long last we have managed to focus the attention of the public on the root of the whole problem—

(1) Antiquated regulations — dating from a time when the railroads were virtually the only form of mass transportation—and

(2) Excessively burdensome taxes compared with their competitors.

These two major handicaps are keeping the railroads from giving the users of their services the full benefit of their large capabilities.

I think the public is beginning to realize this. More and more it is becoming aware that the railroads are indispensable to a healthy economy, and that a governmental policy which prevents the railroads from doing their job is not in the public interest. There are many signs that opinion is crystallizing along these lines. The report of the President's Cabinet Committee of a few years ago spelled out very clearly the need for a new transportation policy. A comprehensive program of regulatory changes was recommended, and the necessity for greater competitive freedom was stressed.

While the bills introduced in the Congress, designed to put the recommendations into effect, have not yet been passed, the Report was not wasted because I believe it has made people think, which in time is bound to affect the thinking of the regulatory bodies.

More recently, public discussion of the railroads' problems has been rising very noticeably. It took the Russian sputnik to arouse the people of the United States to the dangers of dalliance in the missiles field. It took the recent downturn in business to draw attention more sharply to the need for giving the railroads equality in the competitive transportation field.

When six railroad presidents and the president and chairman of the board of the AAR recently called at the White House to suggest certain transportation measures, the event was big news, and received wide publicity in the nation's press.

Users' Charges

Another indication that the railroads are getting attention was the recent request of the Director of the Budget to all government departments to initiate programs looking toward the recovery of user charges from carriers using facilities built by the government, and where existing legislation stands in the way of doing this, to recommend changes in the law so the user charges can be assessed. This is an important development. Several presidents, including Mr. Eisenhower, have recommended user charges, but this is the first time anything definite has been done. The advantages other carriers enjoy through the use of facilities built for them by the government, and for which they pay nothing, are one of the railroads' big problems, as you well know.

There are still other straws in the wind. One, a widely published letter that Guy L. Brown, head of the Brotherhood of Locomotive Engineers, sent to union locals suggesting that some labor agreements are outmoded and that railroad employees should consider changes. This is certainly a most encouraging sign.

And of course you are all aware of the hearings before the Surface Transportation Subcommittee of the Senate under the chairmanship of Senator Smathers. The object of these hearings is to inquire into the present railroad situation and its effect on the national transportation picture.

In a statement issued Jan. 17, Senator Smathers stated that, and I quote, "The testimony thus far eloquently demonstrates that the need is great—the cry is urgent—the time for constructive action is now." The Senator is confident that Congress will ultimately relieve the railroads of various restrictions.

Cites Rail Problems

The hearings have brought to the attention of millions of newspaper readers throughout the nation all facets of the railroad problem. What are some of these facets? Just by way of illustration let me elaborate a little on three which were pointed out to the committee by The Milwaukee Road.

First, the 3% transportation excise tax on freight. We showed the Smathers committee that this tax is a strong deterrent to routing West Coast Canadian traffic via long-haul United States routes including The Milwaukee Road. We cited the case of forest products originating in British Columbia, and destined for United States points, which are being diverted away from our railroad and move on Canadian lines to various points along the border. In some instances almost the entire trip is over Canadian lines.

It was shown that an increasing amount of import traffic moving through Tacoma-Seattle and Longview, Washington, destined for Chicago and New York, is being diverted to Vancouver, B. C., and moving over Canadian lines to United States entry ports at Fort Francis, Ont., Portal, N. D., Noyes, Minn., and Buffalo, N. Y., in order to escape the tax.

We pointed out to the committee that in consequence the government not only loses the 3% tax, but that lower revenues for the American carriers mean less income taxes to the Government, while the loss of business contributes to unemployment of American railroad personnel. You can't blame the shipper or receiver for making this saving. As traffic men, you would—and very likely some of you do—take advantage of this situation. We only object to a tax which is here discriminatory and effectively prevents us from successfully soliciting traffic that we could otherwise share.

Truck Competition

We also called attention to how trucks have been capitalizing on the exempt commodity provision of the Interstate Commerce Act which has been extended to include such non-farm items as dressed poultry and frozen fruit and vegetables.

The Milwaukee Road serves more packing house shippers than any other railroad. Due in part to this agricultural commodity exemption, fresh meat and packing house products traffic from the Midwest to the State of Washington has shrunk 81% in the period 1954 to 1956. Consequently, the rail lines serving the Pacific Coast, including The Milwaukee Road, have suffered heavy losses. In striking contrast, truck shipments from the Midwest to the West Coast have increased several hundred per cent.

Passenger train deficits are attributable not only to the inadequacy of interstate revenues, but of intrastate as well. Primary jurisdiction over these latter fares is, of course, vested in state commissions.

We realize, of course, that state commissions are not hostile. They are simply operating within the framework of the law as they interpret it. Indeed the state commissions themselves have recommended liberalization of statutes that would give the railroads more leeway, and the Minnesota body has taken a reasonable position in regard to our request.

There is no doubt in my mind that the American people are inherently fair. I am satisfied they will favor necessary remedial legislation regulating transportation by common carriers once they realize that many of the present statutes are obsolete in today's world. We talk a lot about free enterprise and open competition. Basically, I think most of our people believe in these ideals, and that they will want the railroads to operate in a healthy atmosphere of freedom.

These points presented to the Smathers Committee by The Milwaukee Road are only a few of many unfair situations which were brought before it by industry spokesmen and for which legislative relief is being sought. It is because all this discussion and publicity are bound to affect public opinion, which in turn affects regulatory and legislative bodies that I am hopeful for the future.

Rail Improvements

I am hopeful for yet another reason. The railroads have demonstrated a capacity to make tremendous improvements to keep up with changing times. I don't think this has been publicized enough. Since the end of World War II the larger railroads, including The Milwaukee, have been in many major ways entirely remade. Few industries have been so aggressive in modernization as have the railroads. Since World War II they have invested $13 billion in capital improvements—nearly as much

Continued on page 33

*An address by Mr. Quinn before joint meeting of Northwest Shippers Advisory Board and Traffic Club of Minneapolis, Minneapolis, Minn.

Limiting Deficit Financing to Essential Emergency Needs

By HON. HARRY F. BYRD
United States Senator From Virginia

Senator Byrd conservatively predicts deficit financing for 1959 fiscal year amounting to $15 billion based on prospects held regarding over-estimated revenue, increasing expenditures and falling revenue. The distinguished Virginia Senator approves of sound public works, disapproves of deficit financing for pump priming purposes except in instance of national emergency, and states that "if we are to avoid deficit financing now of a magnitude which would produce disastrous inflation . . . Federal expenditures [must] be limited to absolute essentials."

I voted for expediting expenditure from appropriations for sound public works but I am opposed to deficit spending for pump priming, the ineffectiveness of which was proved beyond any doubt in the depression 25 years ago. A public works project should be sound and constructive, and advantageous to the public.

Harry F. Byrd

I have invariably opposed all deficit financing except that required to meet national emergency. That is my position now. The extent to which the current recession is, or becomes, a national emergency will determine what is essential to meet it.

My position is, and will continue to be, that anything done should be sound and productive of results, and done with the absolute minimum of deficit spending limited to what is essential to meet emergency requirements.

Whenever we engage in great and prolonged deficit financing, for any reason, it must be done with full realization that the evils of burdensome debt and inflation are certain to follow.

In order to put the numerous deficit-making proposals currently being offered into more balanced perspective, I have attempted to analyze the fiscal conditions under which we are working. And, in this connection, the folly of our failure in more prosperous times to balance the Federal budget and pay off some of the staggering debt is plain to see.

Deficit

As I see Federal fiscal situation developments to date for fiscal year 1959, beginning July 1, it would seem conservative to estimate a deficit of at least $7 billion, without tax reduction—more than $2 billion resulting from falling revenue under present tax rates, and more than $5 billion from increased expenditures.

Revenue from present tax rates is falling now. I confidently predict that a general tax reduction, if and when finally enacted, would cause a further loss in revenue of $7 billion to $8 billion.

The combination of increased expenditures, falling revenue and general tax reduction would result in a deficit up to $15 billion.

Exclusive of tax reduction, my estimate of the 1959 deficit into which we are plunging pell-mell may be shown briefly in the accompanying table.

I believe this estimate is conservative as of March 19, but under present circumstances the deficit may increase. As of now the figures are supported by the following facts and conclusions:

Revenue

The President's January Budget over-estimated revenue. It estimated 1959 revenue at $2 billion higher than was forecast for the current year. It anticipated increases in all major sources, including personal and corporate income, excises, etc.

Revenue is now falling considerably below the current year estimate. At present rates, every indication points to downward revision next year. At this point I would estimate the drop would be approximately $2.4 billion. Tax reduction would be in addition.

Expenditures

The President's January Budget Document under-estimated expenditures to begin with. It was based on decreases in certain programs totaling $3.7 billion under current year spending levels, while it proposed increases in other programs totaling $4.9 billion over current year spending levels. Under present conditions it is to be assumed that the increases will be higher, and few of the decreases will occur.

Appropriations in the present fiscal year, which ends June 30, have been increased so far in the current session of Congress by nearly $4¼ billion. While these are called increases for fiscal year 1958, much of the money will actually be spent in fiscal year 1959.

Increased expenditures and falling revenues now indicate we shall end this fiscal year June 30 with a 1958 deficit up to $2 billion; and the rapid rise in the rate of expenditure in the current year will send us into the new 1959 fiscal year on July 1 with the spending momentum already built up.

In view of the situation I have outlined together with action taken to date by Congress on such legislation as housing, public works, roads, military, etc., I should not be surprised to see the President's 1959 expenditure estimate of $73.9 billion exceeded by $5 billion to $6 billion.

Such an increase would break down roughly as follows:

Up to $2 billion in military and related expenditures;

Up to $2 billion in public works, including highway deficit; and

Up to $2 billion in other.

Much of this increase would be in multi-year programs and projects. Such expenditures are usually higher in subsequent years than in the first.

There is no such thing as temporary large-scale deficit financing. We know from 28 years experience that deficit spending is not turned on and off as if controlled by a spigot. If the 1959 deficit is as large as now certainly indicated, Federal deficits would continue as long as anyone can foresee.

Deficits pile up debt, and tax reduction in a period of deficit financing is simply charged into the debt. We have just raised the Federal debt limit to $280 billion temporarily through next year. A $300 billion debt would be the greatest the world has ever known.

Resumption of large-scale deficit financing is certain to add fuel to the inflation fire, and inflation resulting from previous Federal policy is already bad. The value of the dollar dropped a third of a cent in February as measured by the 1939 index. At that rate the drop would be four cents in a year. Accelerated deficit financing is certain to precipitate the declining value of our 48 cent dollars.

Those who would resort to tremendous deficit spending as a temporary expedient in recession disregard the long run evil they do in terms of the value of our money, cost of living, welfare of fixed income people, and our fiscal soundness which involves our democratic institutions and our form of government.

If we are to avoid deficit spending now of a magnitude which would produce disastrous inflation, the people of this country must demand that Federal expenditures be limited to absolute essentials.

(In Billions)

Receipts and Expenditures	President's Jan. Estimate	Byrd Mar. Estimate
Budget Receipts (at present tax rates)	$74.4	$72.0
Budget Expenditures (exclusive of Highway Trust Fund deficit)	73.9	79.0*
Budget surplus or deficit	+0.5	—7.0*

*Any Highway Trust Fund deficit would be in addition.

With Walter C. Gorey

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edwin Griswold has become connected with Walter C. Gorey Co., Russ Building.

With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Cal.—Donald C. Fine is now with Dean Witter & Co., Patterson Building. He was formerly with First California Company.

Joins Pflueger Baerwald

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Louis F. Bergamo has been added to the staff of Pflueger & Baerwald, Mills Building, members of the Pacific Coast Stock Exchange.

Hopeful Signs on the Horizon

Purchasing agents report improving and non-deteriorating indices now coming into view.

While the business lull continues, purchasing executives say that there are some hopeful signs on the horizon.

Composite opinion of purchasing agents who comprise the National Association of Purchasing Agents' Business Survey Committee, whose Chairman is Chester F. Ogden, Vice-President, The Detroit Edison Company, Detroit, Mich., states that new orders, which showed a marked improvement last month, remained at about the same level. A better new order position was reported by 24%, the same by 42%, and a decrease by 34%.

Production Downtrend Ending

This month's figures indicate that the sharp downtrend in production, prevalent for many months, may be ending. Only 30% report a poorer production situation, as contrasted with 45% so reporting last month. More business coming in is indicated by 19%, as contrasted to 16% in February. Half said there was no change.

Furthermore, there are indications that even the rapid rise in unemployment may be near the end. However, our members believe that any future improvement in employment is tied to successfully negotiating, without strikes, the many important labor contracts that are up for renewal.

There has been little change in the published prices of industrial commodities, but purchasing executives say that, in many instances, competition is resulting in discounts from list prices.

To date, there has not been any about-face in the urgent inventory reduction program. As long as all materials continue to be readily available and stocks of finished goods are high, it is unlikely that purchasing executives will want to increase their inventories of raw materials and component parts.

To obtain a better picture as to how management viewed the business future, our special question for March was aimed at planned capital additions. We asked if today's expenditures were being altered from last Fall's budgeted figures. Substantially more than half, 62% state there has been no revision. Some 29% speak of reductions and, surprisingly 9% say they are going to spend more than originally anticipated.

Commodity Prices

The recently reported increase in the cost-of-living figures does not carry over into industrial prices. Our members report that competition continues keen. While many say that "list prices" of numerous manufactured items have not changed, they point out that discounts are often being offered from these "list prices." Over-all, only 7% of our members state that they are paying higher prices; 79% say there is no change, and 14% say that they are now able to buy what they need for less money.

Inventories

The general trend to reduce purchased inventories continues, with levels now approaching those of mid-1954. As long as finished goods inventories are high and all items are readily available, most report that they are willing to allow inventories to drop to a minimum. This month only 12% report any increase in their inventory balance, while 45% say they have effected further reductions since February. The rest indicate no appreciable change.

Employment

There is a slight improvement in the employment situation this month. A drop from February's 57% who reported their employment off, to 43% in this category in March is encouraging. While only 7% say they have more people on their pay rolls, 50% indicate they are at least holding their own. The general consensus for March seems to be that, while some improvement is expected in the second quarter, much will depend upon the impending negotiations between labor and the auto industry. Prolonged strikes would seriously affect not only the industry itself but its multitude of suppliers as well.

Buying Policy

Some willingness to extend forward commitments is shown this month in the slight change in production and capital expenditures figures.

Specific Commodity Changes

Very little price movement of any kind is noted this month. Careful buying can still show worth-while savings even though there are no announced price changes.

On the *up* side are: Some electrical equipment, caustic soda, and freight rates.

On the *down* side are: Brass ingot, copper, coal, gasoline, and oil.

In *short* supply: As in February, nothing.

Per Cent Reporting

	Hand to Mouth	30 Days	60 Days	90 Days	6 Mos. to 1 Yr.
MARCH					
Production materials	10	41	38	9	2
MRO supplies	33	46	15	4	2
Capital expenditures	11	10	18	20	41
FEBRUARY					
Production materials	17	42	29	11	1
MRO supplies	29	43	21	5	2
Capital expenditures	18	6	13	27	36

Burnham Co. Adds

L. Neiland Gallagher has become associated with Burnham and Company, 15 Broad Street New York City, members of the New York Stock Exchange, as registered representative. He was formerly with Merrill Lynch, Pierce, Fenner & Smith.

With Reynolds & Co.

PHILADELPHIA, Pa.—Reynolds & Co., members of the leading stock and commodity exchanges, announce that Robert L. Smith has joined the commodity department in their Philadelphia office, 1526 Chestnut Street.

H. Carroll Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—Leonard Geller, Melvin L. Graves, Benjamin Jesilow and Franklyn Lee have become connected with H. Carroll & Co., 324 North Camden Drive. Mr. Geller was previously with Jonathan & Co.

A. C. Laurentz With du Pont Homsey Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Axel C. Laurentz has become associated with du Pont, Homsey & Company, 31 Milk Street, members of the New York and Boston Stock Exchanges. Mr. Laurentz, who has recently been with Sheraton Securities Corp., in the past was an officer of Chapman & Co., Inc.

This Will Be Our Greatest Year

By DONALD I. ROGERS*
Business and Financial Editor
New York "Herald Tribune"

Prominent financial editor unhesitatingly surmises 1958 "will be our greatest year"—barring a major auto strike — and opines that even if all the given optimistic predictions do not materialize the year will still be very big. Mr. Rogers' assessment of cheerful and ominous factors leaves no doubt that our economy can be expected to continue to surge forward after temporary halt due to industrial catching-up process and economic problem caused by labor costs exceeding productivity.

After studying all of the figures with the utmost care, after sintering them down to their hardest core, and after considering all of the angles and fears which plague the pessimists, I still come up with a mighty happy business outlook for 1958.

Donald I. Rogers

We are said to be in a recession at the present time. It you choose to call this a recession then it is the most prosperous recession you can have without calling it prosperity.

I am not unmindful of the industrial catching-up process which, in an economy like ours, tops-out every boom and causes a temporary halt in the economy's propulsion—like the seconds between the first and second phase of a rocket's projection.

There is also a growing economic problem caused by the reduction of productivity in our industrial plants at a time when labor costs are steadily mounting. It is uneconomic and it will cause us trouble. But we have not yet reaped the harvest of this gross economic inefficiency.

With all these hobbles on the economy, I still find it impossible to predict anything for 1958 but the highest level of prosperity ever known to man.

There may be soft spots and some weaknesses—which I will outline—but considering the economy as a whole, and being concerned with the general welfare of the majority of Americans and the majority of American enterprises—this will be our greatest year.

I am given to making specific predictions for two reasons. First, I believe that it's my job to be specific, not cautious. Second, I'm not afraid of being wrong. If, at the end of 1958 the figures I have been predicting all turn out to be incorrect, I am not going to quit my job or take an overdose of sleeping pills—nor even hang my head in mortification. I am making predictions based on all of the calculations at my command—coupled with logic and judgment which have been exercised to the best of my ability.

Specific Optimistic Predictions

So much for the hedging. . . . Now here are my predictions:

I predict that the Gross National Product will increase from its $435 billion in 1957 to $441 billion in 1958.

That corporate profits will increase by $1 billion to $44 billion.

That the Federal Reserve Board's Production Index will increase from 144 to 145.

That expenditures by consumers will increase from $281 billion to $289 billion.

That Disposable Income will jump by $8 billion, to a total of $308 billion.

That expenditures for New Plant and Equipment will increase by $700 million from $37.3 billion to $38 billion.

That Housing Starts will continue their slow and solid improvement and will increase from the 950,000 of 1957 to 1,100,000 in 1958.

That Total Construction outlays will increase from $47.2 billion to $49.6 billion.

So far I have dealt with the basic measures of the economy. But a look at other yardsticks is just as refreshing.

Our retail expert, Harvey Runner, forecasts that retail sales will top $200 billion this year, an all-time record, and an increase of $4 billion over last year.

Norman Stabler, our market expert, predicts that, no matter what the stock market does during the year, its general direction *for the year* will be higher.

The stock exchange itself predicts that there will be a new peak in the number and the value of dividends paid to shareholders, despite a pinch on profits affecting the corporations.

Such widely diversified though *key* industries as chemicals, electronics, rubber, machine tools and textiles all anticipate new records this year.

There will probably be an upturn in apparel sales, long overdue, according to expert analysts on Seventh Avenue.

Along with the step-up in home building will come a marked pick-up in the sales of appliances, furniture and home furnishings.

People who should know, tell me there will be a more stable market for metals this year, particularly for copper, the rocky performer of 1957.

Ominous Aspects

It would be sheer folly to deny that there are some ominous aspects to our current economy, in spite of all the cheerful things you can find if you look hard enough. One of the most alarming is the fact that man-hour productivity has failed to increase now for two straight years. It wasn't so long ago, you'll recall, that the biggest thing in labor news was the "cost-of-living" escalator clause written into the automobile industry's wage contracts.

The increase in productivity has been so automatic—at about 3% per year—that General Motors and others have granted automatic yearly increases based on this "improvement factor."

Yet, as we begin the new year, many of the major unions have announced that they will ask for wage increases in 1958. The automobile contract comes up for renewal, for one.

Without taking sides, pro or con, in the labor-versus-capital posture, I cannot see how wage increases can be justified while a dormant rate of productivity exists. It's the quickest route to ruinous inflation you can devise. Even so, some wage increases will be coming automatically, in the steel and railroad industries, for instance, raises that were promised in contracts written a year ago, will be granted in the face of this stagnant productivity rate.

Looking at another side of the picture, there is no doubt that an inventory liquidation is now in progress. That's kind of bad for the present, but it's a good sign for the future, perhaps the second quarter, when the empty shelves have to be restocked.

Corporate Reaction

Figures on corporate profits lag drastically, but they showed a drop from an annual rate of about $45½ billion in the last quarter of 1956 to about $42 billion in the second quarter of 1957—and those are the latest figures available. Certainly no corporation can look forward to lower operational costs. Most costs will be higher, including costs for wages, raw materials, packaging, transportation and marketing.

In other words, profits will be squeezed. If there were not a pick-up in sales volume, we could expect some trouble. A clampdown on profits could affect Federal tax collections, and this, in turn, could add to the inflationary problems as the government dipped further into debt.

But, I predict heightening sales from the second quarter on. Moreover, it is not in the nature of American corporations to sit still and be gobbled up by mounting costs. There will be further automating, particularly in the areas of the white collar jobs. There will be more efficient production techniques initiated. And corporate profits will come out all right. Again chalk up another credit for this marvelous enterprise system of ours.

Auto — the Bellwether

The automobile industry which has become the unofficial bellwether expects only a 6-million-car year. Many of the Detroit officials are quite glum about this. But they overlook the fact that except for 1955's record-smashing 7-million-car year, 6 million is a record seldom equaled in automotive history, and certainly an unheard-of figure until the last five years.

Moreover, the automobile manufacturers have almost painted themselves into a corner with their style-change techniques. They make their biggest style changes every other year, and it just turns out, through coincidence, to be on odd-numbered years. Thus, they are apt to sell fewer cars on even-numbered years, like 1958, than in odd-numbered years, when the style change is more pronounced.

I think there's one thing we should consider about the automobile industry. The automobile officials may be planning for a strike, aimed at stopping Walter Reuther. It is whispered in Detroit that at least one member of the Big Three car builders is ready to sweat out two months, even three months, of strike.

If that happens, all hell will break loose. It will slow the steel industry to a halt, will just about cripple the railroads, and will have general depressing effects throughout the economy. Naturally, all of the happy figures I have predicted will be junked.

But if there is no strike, I think American business leaders will learn the lesson about their inventory pipelines. They will empty the warehouses at distribution points, and clean out the retail shelves, and then get on about the business of resuming the prosperity boom.

I'd remind you of this. Anyone other than an American who could step back and view our whole economy would think that it was mighty sensational, mighty prosperous. Frankly, I think so too. Barring a major strike in the auto industry, this looks like a very good year. Even if it's not the biggest in history—even if all the predictions and figures I gave you do not come true—it'll be a big—a very, very *big* year. . . . And we should all make out all right.

*An address by Mr. Rogers before the Bill Baldwin Annual Dinner, New York City, March 11, 1958.

Joins Amott, Baker

Bernard M. O'Connell has become affiliated with Amott, Baker & Co., Incorporated, 150 Broadway New York City, members of the New York Stock Exchange. He was previously with McLaughlin, Cryan & Co.

Blair Adds to Staff

Worthington Mayo-Smith has joined the staff of Blair & Co. Incorporated, 20 Broad Street, New York City, members of the New York Stock Exchange. He was formerly with Merrill Lynch, Pierce, Fenner & Smith.

Jamieson Adds to Staff

SAN FRANCISCO, Calif.—Donald E. Kuhwarth has been added to the staff of H. L. Jamieson Co., Inc., Russ Building.

G. D. Thompson With Carl M. Loeb, Rhoades

Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges, announce that Glenn D. Thompson is now associated with their New York sales department, concentrating on the distribution and sale of municipal bonds and corporate securities.

Glenn D. Thompson

Mr. Thompson has been active in the municipal bond field for many years, having been associated in the past with the Chemical Corn Exchange Bank and more recently with the New York office of Drexel & Co.

He is a charter member of the Money Marketeers, a member of the Municipal Forum of New York, and a Past President of the Bond Club of New Jersey.

E. F. Dunstan Director

E. Fleetwood Dunstan has been appointed a director of General Security Assurance Corporation of New York. He is a Vice-President of Bankers Trust Company.

Peter Kilburn Director

Peter Kilburn, President of Greenshields & Co., Inc., Montreal, has been elected a director of W. T. Grant Company.

With Amott, Baker

WATERBURY, Conn.—Joseph C. Samaha has been added to the staff of Amott, Baker & Co., Incorporated, 30 West Main Street.

With F. I. Du Pont

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Cal.—Ralph H. Rowland, Jr., has become connected with Francis I. du Pont & Co., 2117 Merced Street. He was previously with Bailey & Company.

THE MARKET . . . AND YOU

By WALLACE STREETE

April, which over the years has been mostly a standoff month for the stock market, got off to a poor start this week with the list showing reactionary tendencies that even stretched to the drug issues so highly favored recently.

There was little strength in the metal sections since the month also started off with a 2-cent trim in the price of aluminum, a cent in lead and with steel mills operating at less than half of capacity. Motors, too, were far from buoyant and Chrysler slipped to the poorest price seen for the shares since 1949.

Some of the food stocks were able to continue above-average action but there was easiness in some of the food store issues to add a restraining note. And tobaccos were buoyant most of the time although they weren't in any mood to continue to plough ahead to historic levels as they did a bit back.

Summed up, it was a pattern of a discouraging market in the main not yet ready to start discounting any business upturn and still somewhat surprising in that it didn't sell down harder in view of the bleak business background.

Forecasts Revised

One thing that has kept the traders cautious is the rush by some of the market letter lads who earlier had predicted a recession low in the first quarter or first half of this year to change their forecast to the third or final quarter when the upturn could be expected to start gathering strength.

There wasn't too much unanimity in their reasons for extending their predictions although the fact that some of the first quarter reports are to be even gloomier than anticipated, figured in quite a few of these shifts. Then, too, the indices that had been expected to be moving uphill as Spring neared haven't yet made the turn, including such as steel production, carloadings, auto production, etc.

Some of the estimates of first quarter results were downright pessimistic. One forecast put Chrysler in the red ink column, against $5.34 profit in last year's first quarter. Another had Jones & Laughlin showing pennies of earnings against $1.89 last year. And so on, which hardly is bullish fodder. How much this has already been discounted in issues like Wheeling Steel, St. Regis Paper and Foster Wheeler which have been slashed in half pricewise remains to be seen.

Pause That's Refreshing

Mostly because their first quarter results will be far more comforting than the general run, the drug shares have had about as many followers among market students as any other major group. To them, a pause in the uphill climb is refreshing. Some of the drug firms have had sharp expansion in sales and earnings such as the five-fold increase in profits on quadrupled sales by Smith, Kline & French in a mere decade. The newer products developed by them have been the secret of these vast expansions, Smith, Kline listing products not in existence as much as half a dozen years ago as accounting for 80% of its sales. More than half of sales is in items three years or less old.

Abbott Laboratories might be a case to illustrate the effect of new products since, for a period of four years up to 1955, it was static marketwise and never approached its 1952 peak of above 64. Since then it has been introducing new products and moved on to record levels for profits and sales. These good figures haven't taken hold marketwise yet and the stock this year has only been able to come within 10 points of its old peak in a group where prices at or close to the all-time peaks are common.

Foods Versus Capital Goods

Food items were also among the more popular stocks that will not be as great a disappointment to their holders for the first quarter as the capital goods makers. Moreover, consumer expenditures for food have held high despite the trouble spots around. Borden, which turned in a record-breaking 1957 year, not only is spending more on expansion this year than it did last year but is busily enlarging in chemical work and tightening up its internal controls, seemingly oblivious to the recession. The shares, nevertheless, are several points under the peak reached in 1954 and its well-sheltered dividend is in the better-than-4% yield class. Statistically, at least, Borden marketwise hasn't run ahead of its prospects.

Farm equipment firms haven't been in the limelight in a long time, Allis Chalmers illusrating this in its narrow swing so far this year — a range of only a shade over three points. Yet the president informed a group recently that farm equipment sales, which were higher last year than the year before, now are running ahead of 1957. While Allis has suffered with the farm equipment group generally, it also is importantly engaged in heavy electrical generation apparatus with a backlog that will carry the firm into 1960. The only item left to give it a rosier outlook overall would be a pickup in highway construction machinery which is expected to occur before the year is out.

Utilities, which can't afford to fall behind in their expansion, are the sturdy items when it comes to business spending to bolster the economy. Nevertheless the heavy suppliers for this field, such as Westinghouse and General Electric, haven't been particularly favored in the market. Westinghouse in particular had a hard time of it in 1956 with a long and bitter strike but snapped back to a respectable earnings report of above $4 per share last year. Yet with the overall market going rough, the shares have been holding lately a score of points below the peaks reached in 1954 and 1955 before its several troubles cropped up. This despite the fact that it is an important supplier of nuclear reactors for ship propulsion and electricity production which has been the glamor field that sparked interest in other issues.

Operating Utilities Still Strong

In the operating utility section, continued interest was evident. While the industrial and rail averages were sliding downhill with persistence, the utility index was able to make independent progress or hold with a decline of a penny or two. Preference in this group ranged from those operating in fast expanding areas, such as the South, to cases where an issue was backward due to external circumstances such as Niagara Mohawk. The latter issue, on top of the threat of public power competition from the St. Lawrence Seaway, suffered an odd disaster nearly two years ago when an important generating plant was wiped out by a rock slide at Niagara Falls.

In time Niagara Mohawk will handle about a fifth of the Niagara Falls power development output. Of more immediate concern is a substantial rate increase that only was handed down late last year which is expected to boost this year's earnings importantly. While other utility shares are no stranger to the new highs column, those of Niagara have yet to work back to the peaks recorded in 1956 and 1955 when its troubles were far more imposing.

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

Industrialized Latin-America And Inter-American Trade

By H. W. BALGOOYEN*

Executive Vice-President, American & Foreign Power Company, Inc.

Mr. Balgooyen's perspective of Latin American industrialization reviews potential and actual problems, undeniable successes, and consequences of our trade policies which are held to be short-sightedly injurious and inconsistent, insofar as Latin American countries are concerned, and jeopardous to our own economic welfare. The international utility head offers advice to countries on both sides of the Rio Grande; pleads for better trade treatment; sees industrialization and foreign investment continuing to expand, despite temporary obstacles, at an accelerating pace; and avers our national destiny lies more with Latin America than with Europe.

The universal urge of the nations of Latin America to speed their industrialization is apparent to anyone whose business or professional interests bring him into contact with our southern neighbors; and for those in the business of supplying electricity, it is a fact of life which bears importantly on current operations and exerts a decisive influence on long-range planning.

Henry W. Balgooyen

Industrialization is, without a doubt, the most important economic issue south of the Rio Grande. The people of Latin America, like those of other areas in the earlier stages of economic development, have come to regard industrialization as the key to the more abundant life and, conversely, to consider their relative lack of it to be the root cause of most of their social and economic troubles.

In the more mature industrial countries, such as Great Britain and the United States, industrialization was a gradual evolutionary process spread over several generations. The nations of Latin America, however, are unwilling to leave a matter they consider so vital to their national welfare to a slow process of natural growth and development. They feel that they can not afford to wait 100 years or 50 years. Their experience during two world wars and the intervening years of depression, and the comparison of their living standards with those of more industrially-advanced countries, have convinced them that they must industrialize now, to diversify their economies, raise the living standards of their people, safeguard the national security and achieve the international recognition which is their due.

Those of us who are in friendly contact with our American neighbors can not but be sympathetic with these aspirations. We know that our own industrialization, evolving out of a free enterprise economy and accompanied, as it was, by a balanced development of our agricultural and mineral resources, was good for us; and we believe that an intelligent, well-balanced program of industrialization and general economic development will be of great benefit to them, and to ourselves as their friends and business partners. Still, we can not help but be concerned at the price which some have been paying for rapid and indiscriminate industrialization under state programs which are not geared to basic economic needs, physical resources, or financial capacity.

We doubt that industrialization, *per se*, is the answer to all the ills that man is heir to and believe that there is evidence that too rapid industrialization can be as dangerous as under-industrialization is unfortunate. The world is becoming more and more highly competitive and specialized, and this can be a potent force for greater productivity and improved living standards through the processes of international trade and investment; but these benefits can be lost to a nation which dissipates its resources in the creation of high cost and uneconomic industries which can be maintained only by erecting high tariff barriers. Fortunately, there is increasing evidence that countries which have made the mistake of trying to force the pace of industrialization through government programs and deficit financing, while neglecting the needs of agriculture, have learned that such a policy is self-defeating leading, inevitably, to inflation, loss of confidence and a drying up of the sources of private venture capital.

Praises Rate of Growth

In calling attention to the actual and potential dangers of forced and indiscriminate industrialization, I do not mean to be critical or to belittle the truly remarkable industrial progress that has been achieved by the Latin American nations, particularly since the end of World War II. That most of the new industries have been soundly established and well-suited to their economic and social environments is amply evidenced by the record. Using 1945 as a base, the general index of industrial production in Latin America had advanced to 185 by 1955. The annual rate of growth averaged 6.3% for Latin America as compared to 2.7% for the United States. In Brazil, alone, the average rate of growth during this period was 8.4%, or more than three times what it was in the United States during the most prosperous decade in our history. During the same period, gross domestic product increased by an average of 5.1% each year for Latin America, as compared with 4.2% in the United States, while Mexico and Brazil recorded average increases of 6% and 5.5% respectively. In the manufacturing sector, which reflects the major impact of industrialization, the annual growth of national product in Latin America was an amazing 6.1% during this 10-year period. These increases in industrial production and gross domestic product were accompanied by a steady, but less spectacular, increase in per capita income in most of the major countries; and in Latin America as a whole, and by a general rise in living standards throughout the area.

Latin American industrialization in these postwar years has covered a broad field embracing both capital goods and consumer goods; but the most spectacular increases in recent years have

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*An address by Mr. Balgooyen before the 13th Mississippi Valley World Trade Conference, New Orleans, La.

Prospects for Coal In the Coming Years

By DR. MYLES E. ROBINSON*

Director, Department of Coal Economics, National Coal Association, Washington, D. C.

Coal economist predicts that the electric utility market for bituminous coal will almost double in the next twelve years. Dr. Robinson's survey of nuclear power prospects to 1980 leads him to conclude that "nuclear power poses no great threat to coal." Turning to other coal markets, expects cement industry will consume more coal than ever in the next decade and steel, second largest coal customer, will stabilize and increase as the economy undergoes and recovers from present downturn. All in all, sees coal getting its fair share of economy's future growth.

This nation is taking an economic breather, called by some a recession and by others a setback in our rate of upward progress. Few have termed it to be more serious and still fewer fail to recognize that our economic machinery has slowed down appreciably. The one factor which has received relatively little emphasis is that no two economic adjustments result from the same causes or respond equally to the same negative or positive stimuli. The one factor of prime significance in any treatment of our temporary business setbacks is that the underlying or basic elements in the economy, such as population resources, and other long-trend factors, are sound.

Dr. M. E. Robinson

There are some who say that in the last decade this nation, and the rest of the world also, has come too far, too fast. This comment merits closer examination. Marketing pressures at the end of World War II not only have created a tremendous postwar demand for goods and services, but have fused the greatest expansion in the production and use of energy in the history of modern civilization. The mosaic of demand covers everything from steel and aluminum products fabricated more or less directly from our natural resources to a multitude of goods more removed from the basic producing processes.

All production, whether of goods or services, requires some form of energy. It will be the purpose of this paper to examine trends in the national energy markets, both actual and anticipated, to give particular attention to the participation of coal in the energy field, and to review the prospects for nuclear power in the coming decade. The period of the 1960's has been selected, as most forecasts deal in blocks of five or ten years on the basis that these longer periods of time permit short-term adjustments to work themselves out. In this connection, by 1960 the current business setback should have completed its cycle, if not before. An additional reason for starting with 1960 is that this is the next big census year and a logical base for future energy estimates.

Changes in Coal Markets

The major changes which have taken place in the nation's total energy market in which coal is a competitor are shown in Table I.

In 1946, the first full postwar year, bituminous coal contributed 13,110 trillion Btu's, or 55.6%, to the total competitive energy market. The contributions of other fuels were: anthracite, 5.8%; petroleum products, 20.7%; natural gas, 11.8%; and water power, 6.1%. By 1956, the latest year for which we have complete energy coverage, the contribution of bituminous coal was 37.9%. Other energy responsibilities were: anthracite, 2.0%; petroleum products, 25.8%; natural gas, 28.2%; and water power, 6.1%.

These figures can be shown in another manner, as indicated in Table I, that is, the increase or decrease in output in the 1946-1956 period. Here again the relative decline of coal and the increase of all competing fuels, particularly natural gas, is quite obvious. There is a good possibility that this trend may be slowed down or to some extent and in some areas actually reversed. This will be commented on at a later point in the paper.

Tremendous changes have taken place since the war in coal's markets, as shown in Table II.

Utilities Biggest Customers

The most significant of these changes has been the shift in importance of individual consumer groups. Consumption of bituminous coal by electric power companies has moved from fifth place in 1946 to first place today. The electric utilities have held this position since 1954. On the other hand, there have been sharp decreases in consumption by the railroad and retail markets. While both coal markets have faced deep inroads from the competition of other fuels, the railroad market has fallen off to the point where it is now below that of cement mills. With the increased national highway building program already scheduled, and possibly a further increase if substantial economic pump priming is resorted to in selected areas, the latter market is bound to expand. Railroad consumption, certainly with the present motive power technology, cannot be expected to reverse its downward trend. While the 1957 retail dealer market for coal was only 36% of what it was in 1946, the railroad market had fallen to less than 8%. Looked at another way, in 1946 coal used by the railroads was nearly one-tenth greater than retail dealer deliveries; by 1957 it was between a fifth and a fourth of the latter.

In 1946 it took an average of 1.29 pounds of coal to produce one kilowatt-hour of electricity. By 1956 this had fallen to 0.94 pounds, a decrease of 27.2%. If 1957 consumption had been keyed to the 1946 efficiency rate, the utilities would have consumed about 213 million tons, an increase of 56 million tons, approximately equal to the 1957 overseas export figure. Of course, efficiency of output is a function of the age of the plant and the state of the arts. The greatest increases in electric production efficiency with respect to coal consumption have come in periods of substantial new plant construction, as in the first five years following the war, when the coal consumption per kilowatt-hour fell from 1.29 pounds to 1.14 pounds. There have been substantial decreases all along, though the rate of decrease appears to be declining. Between 1954 and 1956, for example, it dropped but 0.05 pounds.

Undoubtedly, output efficiency in terms of coal consumption will continue to improve. In the period of immediate interest, that is from 1960 to 1970, there should be further increases in efficiency. Some experts hold that with conventional fuel, that is, coal, the next decade may bring a reduction to 0.70 pounds per kwh.

General Economic Trends

What of the future? One big question mark which confronts us is the extent to which electric power will continue to be the leading customer of our industry, and the changes in either direction which are likely in the other markets for coal. Before trying to answer this question, we will have to take a close look at general economic trends, for the demands for electric power and steel, our largest customers today, are "derived" in the sense that these industries increase or decrease activities in direct ratio to the sales of industries which they serve. This is more or less true of most industry, yet power and steel are particularly responsive to other industries over whose fortunes they have little direct control. For example, the steel industry is very much in the doldrums because consumer durables, particularly the auto industry, and to a lesser extent the aircraft and construction industries, are feeling the pinch of sharply receding demands.

Within the past three months many an economist, both within and outside the government, has taken his crystal ball from its case and almost universally found it to be cloudy. What we are in now is not a rolling readjustment. It is deeper than that, as evidenced not only by the relatively large unemployment total, but also by the actions of the Federal Reserve Banks and the serious attention being given the economic health and well-being of the economy by its business and political leaders.

Just last December the consensus of business thinking was that the current downtrend in activity would reverse itself somewhere between the second and third quarters of 1958, and that this would be done with little or no governmental pump priming or other action. By late January, the thinking was still in the same direction, namely, that 1958 would see an upturn, though the timing was moved back a bit to the end of the third quarter. This position represents current belief.

In assessing present conditions before looking into the decade of the sixties, it is well to remember that the basic materials and demand for a prosperous future are present and while perhaps temporarily dormant cannot be kept that way very long. This fact cannot be over-emphasized—resources, population, technology, marketing acumen, enlightened business and governmental leadership, all mean basic and continuing prosperity. There is no reason to think that our economy will not continue its upward secular trend after the current breathing spell and consolidation of gains.

Sales to Utilities Will Double

Then suppose we turn to the question asked a short while ago —to what extent in the next decade will electric utilities continue to be the leading customers of the coal industry? A number of experts in and out of the government have studied the future of the demand of the electric power industry for coal. Forecasts are generaly made of the demand for electricity based on population growth and industrial expansion. At present the population of the continental United States stands at about 172 million. Unless factors not now foreseen make substantial changes in the rate of growth, the year 1970 should see a population of some 204 million persons, consisting of 975,000 new families. Along with expected industrial growth to meet the needs of this population, total electric power demand should range somewhere between 1,120 billion and 1,440 billion kilowatt-hours.

Best estimates for coal consumption, assuming an efficiency rate of 0.75 pounds of coal per kwh, and allowing for hydro power and that from other sources, range from a low of 220 million to a high of 350 million tons. Forecasts usually fall in a fairly wide range which tends to increase with the number of forecasters. The most logical position to take is that the true picture probably lies between the two extremes. The factor of one's own judgment generally dictates which direction from the middle should

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TABLE II

Production of Bituminous Coal and Consumption by Markets, 1946-1957

(In thousands of net tons)

	1946	%	1952	%	1956	%	1957*	%
Elec. Utilities	68,743	13.7	103,309	24.7	155,018	35.8	157,398	38.1
Steel Industry	91,891	18.4	104,434	24.9	110,939	25.6	112,892	27.3
Other Indust.	121,991	24.4	96,586	23.1	96,150	22.2	89,860	21.7
Retail Deliv.	100,586	20.1	68,393	16.3	49,125	11.4	36,237	8.8
Cement Mills	7,009	1.4	8,073	1.9	9,224	2.1	8,821	2.1
Railroads	110,166	22.0	37,962	9.1	12,308	2.8	8,401	2.0
Total	500,386	100.0	418,757	100.0	432,764	100.0	413,609	100.0
Canada	21,880	---	20,984	---	20,652	---	19,296	---
Overseas	19,329	---	26,659	---	47,892	---	57,095	---
Production	541,595		466,400		501,308		490,000	

*1957—Certain figures are preliminary. No adjustments have been made for stocks.

*An address by Dr. Robinson before Maryland Coal Association, Baltimore, Md.

TABLE I

Coal's Participation in the Competitive Energy Market, 1946, 1952 and 1956

(In trillions of Btu's)

	1946	1952	% Increase Over 1946	1956	% Increase Over 1946	% Increase Over 1952
Total Competitive	23,565	26,465	12.3	29,939	27.0	13.1
Bituminous coal	13,110	10,971	—16.3	11,338	—13.5	— 3.3
Anthracite	1,369	897	—34.5	602	—56.1	—33.9
Petroleum	4,871	6,934	42.4	7,729	58.7	11.5
Natural gas	2,769	6,049	118.5	8,454	205.3	39.8
Water power	1,446	1,614	11.6	1,816	25.6	12.5

CANADIAN PACIFIC RAILWAY COMPANY

Seventy-Seventh Annual Report of the Directors to the Shareholders (Abridged)

Your Directors have the honour to present herein their report of the results and developments of the past year.

1957 was another year of progress in the development of Canada. However, there was a lessening in the forces of expansion which had been so strongly at work in the economy during the preceding two years, and this was reflected in the results of the operations of your Company.

Railway revenue was the second highest in the history of your Company having been exceeded only by that of 1956. Freight traffic volume as compared with 1956 was down 10%, with over half of the decrease having occurred in grain and grain products moving under low statutory rates. A factor contributing to the decrease in volume was the strike by locomotive firemen in January. Rate increases added 5% to freight revenue.

Through effective budget control and the benefits arising from continued modernization, the ratio of net earnings to railway revenue was held close to that of the previous year. This was achieved despite the smaller volume of traffic and the incidence of employee welfare costs, higher wage rates and increased material prices.

Net railway earnings were down $3.1 million and the return on your net investment in railway property was only 2.8%.

It was in view of the prospect of inadequate earnings that your Company joined with other railways in Canada on August 30, 1957, in amending their application of May 1956 to the Board of Transport Commissioners so as to request authority for a 10% increase in the general level of freight rates in lieu of the 4% remaining to be disposed of under the original application. In hearings before the Board, your Company stressed the necessity for having the permissive level of net rail income increased to allow a return on the additions made since 1947 to net rail investment. In a judgment issued on December 27, 1957, the Board authorized an increase of 3.6% over the prevailing level of rates, effective January 15, 1958, but rejected an increase in the permissive level of net rail income. On petition by the Provinces opposing the application, the increase was suspended by order-in-council until May 1, 1958.

On February 17, application for leave to appeal to the Supreme Court of Canada from the judgment of the Board was filed by your Company in concert with other railways affected, on the ground that by rejecting an increase in the permissive level of earnings of your Company, the Board had failed to perform the duty imposed upon it by the Railway Act to fix, determine and enforce just and reasonable rates and to change and alter rates as changing conditions require. The application will be argued on March 10.

In furtherance of its programme to provide for the requirements of modern business and of the expanding economy, your Company undertook capital expenditures in the amount of $135 million. Of these, additions to your railway plant accounted for $119 million, including $31 million for the purchase of 154 diesel locomotive units. It is estimated that through the investment made to the end of 1957 in diesel locomotives and facilities, totaling $176 million, savings of some $32 million per annum are being realized in transportation expenses and a reduction of $8 million is being effected in current maintenance expenses.

Other Income was $6.6 million lower than in the previous year. Decreases were widespread but were particularly marked in dividends declared by The Consolidated Mining and Smelting Company of Canada Limited and in net earnings from your steamships.

Net Income amounted to $46.8 million, which, after providing for dividends of 4% on Preference Stock and dividends amounting to $1.50 per share on Ordinary Stock, left a balance of $22.7 million available for modernization and other corporate purposes.

The Income and Retained Income Accounts of your Company show the following for the year ended December 31, 1957:

Income Account

Railway Revenue		$487,565,479
Railway Expenses		449,319,097
Net Earnings		$ 38,246,382
Other Income		23,441,276
		$ 61,687,658
Fixed Charges		14,901,935
Net Income		$ 46,785,723
Dividends:		
Preference Stock	$ 3,029,053	
Ordinary Stock	21,090,379	
		24,119,432
Balance transferred to Retained Income Account		$ 22,666,291

Retained Income Account

Retained Income (Balance), December 31, 1956		$452,979,869
Balance of Income Account for the year ended December 31, 1957	$ 22,666,291	
Net Proceeds from Sales of Lands and Townsites	7,561,504	
Gain on Redemption of £1,300,000 Debenture Stock of Atlantic and North-West Railway Company	2,853,490	
Excess of considerations received for sales of properties over book values, and miscellaneous items	1,259,493	
		34,340,778
Retained Income (Balance) December 31, 1957, as per Balance Sheet		$487,320,647

Railway Operations

Net railway earnings, at $38.2 million, were $3.1 million, or 8%, below the previous year. The ratio of net earnings to gross revenue was 7.8% as compared with 8.2% in 1956 and an average of 7.1% for the five years preceding 1957.

Railway Revenue, at $488 million, was $18 million, or 4%, lower than in 1956, partly as a result of the strike in January. Freight revenue, although including $20 million from increases in freight rates, accounted for $15 million of the decrease. An increase of $814,000 over 1956 was effected in passenger revenue.

Freight traffic volume, measured in ton miles, was 10% down from 1956. The principal decrease occurred in the movement of grain and grain products which, by reason of reduced export demand, declined 16%. Decreases in traffic volume were prevalent throughout all general commodity groups including agricultural products, animals and animal products, mine products, forest products and manufactured and miscellaneous goods. In contrast to the general decline, marked increases occurred in the movement of manufactured iron and steel, building sand, gravel and crushed stone.

Passenger traffic volume showed a moderate improvement over the previous year in terms of passenger miles. While the number of passengers carried decreased from 8.9 million to 8.0 million, the average passenger journey, at 167 miles, was 20 miles longer and the average number of passengers per train was up 12%. Patronage of your transcontinental trains "The Canadian" and "The Dominion" again increased, and the use of rail diesel cars was further extended. Certain passenger services no longer justified by the level of patronage were curtailed.

Express traffic volume was down, principally as a result of curtailment of unprofitable passenger train services and depressed business conditions in some areas. The net earnings of your Express Company, carried to railway earnings as compensation for the carriage of express traffic, were down 12%.

Railway Expenses, at $449 million, were down 3%. This decrease was effected in the face of increases in wage costs which, including payments for additional statutory holidays and health and welfare benefits, added $12.6 million to expenses, and increases in material prices which added $3.4 million.

Road maintenance expenses were up only 1% and equipment and maintenance expenses were down 4%. There was a substantial decrease in steam locomotive repair expenses as 72% fewer steam units underwent heavy repairs but this was offset to some extent by an increase in diesel locomotive repair expenses concurrent with a rise of 25% in the average number of diesel units in service during the year.

Transportation expenses were down 6%, and for the third successive year the ratio of transportation expenses to railway revenue was reduced. Substantial economies, particularly in train fuel expense, continued to be realized with the advancement of the diesel programme, and notable improvements were effected in service and operating efficiency. In freight service new records were established in average train speed and train load with a resulting new high in gross ton miles per freight train hour. The proportion of total transportation work performed by diesel power in the year averaged 72% in

HIGHLIGHTS

	1957	1956	*Increase or Decrease*
YEAR'S RESULTS			
Railway Revenue	$ 487,565,479	$ 505,262,393	*$17,696,914*
Railway Expenses	449,319,097	463,926,566	*14,607,469*
Net Earnings	38,246,382	41,335,827	*3,089,445*
Ratio Railway Expenses to Railway Revenue	92.2%	91.8%	0.4%
Other Income	$ 23,441,276	$ 30,034,463	*$ 6,593,187*
Interest and Rental Charges	14,901,935	15,752,302	*850,367*
Dividends—Preference Stock	3,029,053	3,079,820	*50,767*
—Ordinary Stock	21,090,379	24,379,013	*3,288,634*
Balance for Modernization and Other Corporate Purposes	22,666,291	28,159,155	*5,492,864*
YEAR-END POSITION			
Working Capital	$ 63,940,973	$ 114,080,546	*$50,139,573*
Investments	136,334,723	125,432,848	10,901,875
Properties	2,229,262,112	2,130,773,785	98,488,327
Funded Debt	144,133,500	156,085,000	*11,951,500*
TAX ACCRUALS			
Income Taxes	$ 30,500,000	$ 34,400,000	*$ 3,900,000*
Property and Other Taxes	11,290,160	10,357,644	932,516
TRAFFIC			
Tons of Revenue Freight Carried	58,493,389	65,838,251	*7,344,862*
Revenue Passengers Carried	8,037,390	8,906,288	*868,898*
Revenue per Ton Mile of Freight	1.50c	1.39c	0.11c
Revenue per Passenger Mile	2.89c	2.89c	—
EMPLOYEES			
Employees, All Services	89,720	90,499	*779*
Total Payroll	$ 322,226,843	$ 322,679,601	$ *452,758*
Average Annual Wage	$ 3,591	$ 3,566	$ 25

freight service, 83% in passenger service and 78% in yard service.

Other Income

Other Income, after income taxes, amounted to $23.4 million, a decrease of $6.6 million from the previous year.

Net earnings of steamships, at $2.0 million, were down $1.8 million. Freight revenue from your ocean steamships was adversely affected by reduced carryings both eastbound and westbound and lower rates on grain and flour. Passenger traffic volume was higher owing chiefly to the entry into service of the "Empress of England". Operation of your coastal steamships resulted in a deficit as the increase in wage and material costs exceeded the increase in revenue.

Net earnings of hotels were $97,000, down $706,000 from the previous year. A small improvement in revenue was more than offset by the cost of wage increases, employee benefits and changes in working conditions.

Net earnings from communication services amounted to $2.2 million, a decrease of $632,000. The increases in labour costs were greater than the improvement in revenue.

Dividend income, at $12.6 million, was down $3.2 million from the previous year. Dividends from your holdings of Capital Stock of The Consolidated Mining and Smelting Company of Canada Limited at the rate of $1.35 per share amounted to $11,356,875 as compared with a rate of $1.65 per share amounting to $13,880,625 in the previous year. Earnings per share of that Company were $1.83 in 1956 and $1.13 in 1957. Dividends received from your railroad subsidiaries in the United States were also lower and there was no dividend from your Air Lines.

Net income from petroleum rents, royalties, reservation fees, and land rents, before provision for income taxes, amounted to $8.4 million, a decrease of $831,000. Toward the year end less favourable conditions prevailed for marketing of crude oil. Royalties were received from production of 17.9 million barrels as compared with 18.1 million barrels in 1956. The number of producing wells increased from 765 to 895. In order that your Company may be in a position to take advantage of opportunities as they may occur, a wholly owned subsidiary, Canadian Pacific Oil and Gas Limited, was incorporated on January 3, 1958, with power to engage in the business of prospecting for, acquiring, developing and operating oil and gas and other mineral resources, and to manufacture, transport, refine and sell their products, by-products and derivatives.

Net income from interest, separately operated properties and miscellaneous sources amounted to $5.2 million, a decrease of $1.7 million. There was a decrease in interest from temporary cash investments and a decrease in exchange credits, and no interest for 1957 was received from your Air Lines and the Northern Alberta Railways Company.

Fixed Charges

Fixed charges, at $14.9 million, were $850,000 lower than in 1956. This decrease resulted from redemption of equipment trust certificates; conversion into Ordinary Stock of some of the outstanding collateral trust bonds; the effect of changes in exchange rates on obligations payable in other than Canadian currencies; and a reduction in rent for leased roads largely owing to the redemption of matured First Mortgage Redeemable Debenture Stock of the Atlantic and North-West Railway Company on which your Company has paid the interest as rental.

Net Income and Dividends

Net income after fixed charges, at $46.8 million, was down by $8.8 million. After provision for dividends on Preference Stock, earnings available for dividends on Ordinary Stock and for reinvestment amounted to $43.8 million. This was equal to $3.11 per share on 14,066,271 shares of Ordinary Stock outstanding at the end of the year, compared with $3.76 per share on 13,949,169 shares at the end of 1956

Dividends were declared on Preference Stock at the same rates as in 1956, comprising 2% paid August 1, 1957, and 2% paid February 1, 1958. Dividends on Ordinary Stock amounted to $1.50 per share, comprising 75 cents paid August 1, 1957, and 75 cents paid February 28, 1958. In 1956 dividends declared on Ordinary Stock, including an extra dividend of 25 cents, amounted to $1.75 per share.

Land Transactions

Net proceeds from sales of lands and townsites in 1957 amounted to $7.6 million, an increase of $1.1 million. Sales included 34,142 acres of timber lands and 23,734 acres of farm lands, the latter averaging $10 per acre. Contracts involving 9,310 acres of land sold in prior years were cancelled.

Balance Sheet

Certain changes have been made in the presentation of the Balance Sheet accounts with a view to simplification and to conform with accounting trends in reporting of railway companies. No revaluation of either assets or liabilities is involved.

Total assets at the end of the year amounted to $2,553 million, an increase of $36 million.

The net addition to Properties during the year after retirements was $98 million. The total of railway properties is not affected by transfers from leased to owned properties consequent upon vesting of wholly owned leased railway companies. The properties so vested in 1957 had a book cost of $60,330,537.

Working capital, at $64 million, was down $50 million.

Ordinary Stock and Preference Stock of Canadian Pacific Air Lines in the amounts of $3 million and $5 million, respectively, and Capital Stock of Canadian Pacific Transport Company in the amount of $2.4 million were acquired as repayment of advances.

The Tax Equalization Reserve, recording the amount of income tax liability arising since 1954 from taking capital cost allowances for tax payment purposes in excess of depreciation accruals charged income, increased by $12.5 million.

Finance

Serial equipment obligations amounting to $8,254,000 were discharged; $837,500 Convertible Twenty Year 3⅛% Collateral Trust Bonds, $2,198,000 Convertible Fifteen Year 3½% Collateral Trust Bonds and $662,000 Convertible Seventeen Year 4% Collateral Trust Bonds were converted into 117,102 shares of Ordinary Capital Stock.

The foregoing transactions resulted in a net decrease of $11,951,500 in funded debt, a decrease of $4,437,000 in the amount of Consolidated Debenture Stock pledged as collateral, and an increase of $2,927,550 in the amount of Ordinary Capital Stock outstanding.

After the close of the year, Twenty-five Year 5% Collateral Trust Bonds, dated February 1, were issued and sold in principal amount of $40 million and were secured by a pledge of $48 million principal amount of Consolidated Debenture Stock. These bonds are redeemable prior to maturity at the option of your Company, on not less than 45 days' prior notice, in whole at any time or in part from time to time, and if in part in principal amounts of not less than $5 million, at 103.75% of the principal amount if redeemed on or prior to January 31, 1960, and thereafter at decreasing percentages down to 100% of the principal amount if redeemed on or after February 1, 1981, plus in each case accrued interest to the date fixed for redemption; provided, however, that the bonds may not be redeemed prior to February 1, 1973, by the application of funds obtained through borrowings having an interest cost of less than 5% per annum.

Pensions

Expenditures for pensions amounted to $21.3 million, a rise of 60% since 1952. These expenditures comprised the portion of pension allowances paid by your Company, a contribution of $6.5 million to the Pension Trust Fund, and levies in respect of employees covered by the United States Railroad Retirement Act.

Wages and Working Conditions

In a report published on February 4, 1958, the Royal Commission appointed to enquire into the matter following the strike in 1957, found that firemen are not required by your Company on diesel locomotives in either freight or yard service. The recommendations in the report provided for the protection and transfer in a gradual manner of the firemen involved. Your Company affirmed its intention to implement the findings of the Commission and to this end reopened negotiations with the firemen's union.

In accordance with agreements reached in 1956, health and welfare contributions by your Company of $4.25 per employee per month became effective for organized non-operating employees from January 1, 1957; wage rate increases of 3% to non-operating and 5% to operating employees, the latter including $4.25 per employee per month in lieu of health and welfare benefits, became effective on June 1; and additional statutory holidays with pay became effective through the year.

On November 12, unions representing the non-operating employees served a joint request for revision of agreements to provide for an increase of 11% plus 17¢ per hour in all rates, additional health and welfare contributions by your Company of $8.50 per month for each employee, increased annual vacations, one additional paid statutory holiday in addition to the seven already established, an amount of 4¢ per hour per employee to be set aside to provide severance pay, and certain other changes. Negotiations failed to bring about a settlement and the matter was referred to a Conciliation Board. Granting of these demands to all of your 60,000 non-operating employees would add $59 million to expenses.

Wage increases in line with settlements reached by other railroads in the United States were granted to engineers, firemen and trainmen of your Company who are employed on lines in Maine and Vermont.

Representatives of employees in each of your major hotels, with the exception of the Royal York Hotel, requested a 25% general wage increase, health and welfare benefits and other changes. Agreements were reached effective for two years providing for general wage increases totalling 9% by the end of the first year, health and welfare benefits on the same basis as those to non-operating railway employees and certain other adjustments.

Agreements were reached with employees of your Air Lines granting increases varying from 5% to 10% and other benefits.

Plans were established providing group life insurance and hospital, surgical and medical benefits for non-organized employees and for officers and supervisors.

Steamships

Your second new passenger-cargo liner "Empress of England" entered service in the spring of 1957 and completed a successful first season, during which your ocean fleet carried a greater number of trans-Atlantic passengers than in any other post-war year. In December a contract was signed for the construction of a third new passenger-cargo liner specially designed for both North Atlantic and cruise operations. This liner is scheduled to enter service in the spring of 1961. The "Empress of Scotland", after completion of 27 years of service, was sold after the close of the year.

In anticipation of the opening in 1959 of the St. Lawrence Seaway, cargo operations were inaugurated during the year between United Kingdom and Great Lakes ports with two small chartered vessels. Two additional chartered vessels will enter this service in 1958.

The agreement under which your Company had operated coastal steamship service between Vancouver and Ketchikan, Alaska, jointly with the Canadian National was terminated at the end of 1957; this weekly service continues as an operation of your Company with extension to include calls at certain additional way ports. Two coastal barges of your fleet were sold during the year.

Air Lines

Your Air Lines had a net loss of $113,000 in 1957 after taking up profits totalling $1,545,000 from the sale of aircraft, buildings and equipment. There was a profit of $525,000 in 1956.

There was a decrease of 29% in revenue from domestic services owing to the cessation of charter operations to northern radar installations and the termination of scheduled services in Manitoba and Saskatchewan. Revenue from the services remaining showed improvement as a result of continued oil and mineral exploration and development, and construction activity in the North. Coach service using C-46 aircraft was introduced early in the year on routes from Edmonton to Yellowknife, Uranium City and other northern points providing increased passenger accommodation at lower rates and increased cargo capacity. Introduction of DC-6B "Empress" aircraft on the Vancouver-Terrace and Vancouver-Whitehorse routes was well received by the travelling public.

Revenue from international traffic increased by 28% as a result of an extension of the Mexico City-Toronto route to Montreal, Lisbon and Madrid; the addition of Santiago as a traffic stop on the Lima-Buenos Aires route; and an increase in the frequency of certain flights in response to improvement in the volume of traffic offering.

Four new DC-6B aircraft were placed in service during the year; conversion work on four C-46 aircraft from cargo to combined cargo-passenger service was completed; and an office building and maintenance hangar were constructed at Vancouver. Six Bristol Britannia turboprop and four DC-6A aircraft, and two flight simulators were on order at the year end. The cost of these new units will be approximately $25 million.

An application to operate domestic transcontinental air services in Canada was filed on November 27, 1957, with the Air Transport Board.

United States Subsidiaries

Income from your holdings of General Mortgage Income Bonds and Common Stock of the Minneapolis, St. Paul and Sault Ste. Marie Railroad Company, amounted to $648,000. Of this amount $128,000 represented interest and $520,000 dividends. The net income of that Company in 1957, after provision for fixed and contingent charges, was $1.6 million, a decrease of $1.2 million.

Interest income amounting to $167,000 was received from your holdings of First Mortgage Income Bonds of the Duluth, South Shore and Atlantic Railroad Company. The net income of that Company in 1957 was not sufficient to meet contingent charges in full.

Income from you holdings of First Mortgage Bonds, General Mortgage Income Bonds and Common Stock of the Wisconsin Central Railroad Company amounted to $590,000. This comprised $509,000 interest and $81,000 dividends. The net income of that Company in 1957 was not sufficient to meet contingent charges in full.

Rates

Reference has been made earlier in this Report to an increase of 3.6% in the general level of freight rates to become effective January 15, 1958, which was authorized by the Board of Transport Commissioners

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following extended hearings, to the suspension of the increase by order-in-council, and to the appeal by your Company against the judgment of the Board.

Increases in freight rates averaging 6% granted to railroads in the United States were made applicable in Canada to international, overhead and certain import, export and related traffic, effective August 26, 1957, by authorization of the Board of Transport Commissioners.

Negotiation of agreed charge contracts by means of which your Company is enabled to bid effectively for competitive traffic, resulted in 108 such contracts being put into effect during the year. The number in effect at the year end was 229.

Effective September 1, first class passenger fares were increased by 10% and coach fares by 5% with exception of commutation, transcontinental and certain special fares. Effective May 1, 1957, commutation fares in the Montreal and Toronto areas were increased by 25% over the levels in effect April 30, 1955. International sleeping car fares were increased by 7% effective January 1, 1957, and duplex roomette and parlour car fares in Canada were increased by 20% effective July 1.

Increases in mail rates of 7% retroactive to July 3, 1956, and an additional 4% effective from January 1, 1957, were granted by the Post Office Department.

Increases in rates on telegraph message traffic in Canada averaging approximately 11.4% were made effective October 16, 1957, by authority of the Board of Transport Commissioners.

Services

154 diesel units were purchased during the year—the largest number in any one year since the start of the diesel programme. These comprised 113 diesel-electric road switchers and 39 diesel-electric and 2 diesel-hydraulic yard switchers. The remaining steam locomotives in service on the Pacific Region were withdrawn during the year. An enlargement of the diesel maintenance shop at Calgary and a third stage of the diesel maintenance shop at Montreal were commenced.

New freight train cars placed in service totalled 4,884, of which 2,884 were box cars. In addition, 300 refrigerator and 365 automobile cars were modernized for traffic requirements.

Twelve new rail diesel cars were added to your passenger train fleet, bringing to 43 the number in service at the year end, and five new "Dayliner" train services were established.

The track replacement programme included the laying of 653 miles of new and relay rail, the installation of 1.8 million ties and the reballasting of 535 miles of track. Automatic block signals were installed on 84 miles of road, bringing to 3,214 the total mileage so equipped. Installation of a centralized traffic control system was commenced on that part of your main line between Montreal and Toronto that is single track.

Passenger terminal modifications were carried out at Calgary involving rearrangement of track and construction of new platforms, a tunnel and a signal tower. A new relay type interlocking system places the control of 59 power operated switches and associated signals under one operator to govern all train movements in the Calgary station area.

Two vertical lift bridges complete with signal interlocking facilities were under construction for the St. Lawrence Seaway Authority at the location where your railway line crosses the seaway canal near Montreal. Related work includes diversion of approximately half a mile of double track main line, and yard and station changes at Adirondack Junction.

In October your Company inaugurated a common carrier piggyback service between Montreal and Toronto. This service, which combines the advantages of mass movement by rail with the flexibility of truck operations at terminals, has proven very successful. There were increases in the tonnage of traffic carried in the coordinated rail-highway trailer-on-flat-car services operated by your Company in Eastern Canada and with your trucking subsidiary in Western Canada. A contract has been entered into for the acquisition of a 51% interest in Smithsons Holdings Limited, which company wholly owns Smith Transport Limited and a number of related companies in highway transport business.

During the year, 572 new manufacturing, warehousing and distributing businesses were located on or adjacent to the lines of your railway. Of these, 174 required industrial trackage and a total of 37 miles of sidings was constructed to serve them.

The constant endeavour of your Company to eliminate hazards and provide safeguards against injury continues to meet with gratifying results, and a fourth consecutive annual award for public safety activities was received from the National Safety Council in Chicago.

Work was begun on a freight traffic and communications building at Nelson, B. C., and on a building to accommodate communications and other departments at Winnipeg. Construction work continued according to schedule on the 17-story, 400-room addition to the Royal York Hotel in Toronto.

The teleprinter exchange service, operated jointly with Canadian National and inaugurated as an international service in 1956, was extended in July to include the domestic field. An extension to the television network service, also operated jointly with Canadian National, was completed, linking Quebec City, Jonquiere and Rimouski, and bringing to eleven the number of stations served by this network.

Integrated Data Processing

All essential physical links for the mechanized handling of the paper work of your Company were completed early in the year and the first full scale applications of integrated data processing, using the new high speed electronic computer, were brought into effective operation across the system. Information required for operating, transportation, traffic, statistical and accounting purposes is now being recorded in mechanical form at 64 locations, transmitted over your communications network for processing on the computer in Montreal, and retransmitted, in processed form, for use by all levels of management. Plans were advanced for additional applications designed to contribute to more efficient operation.

Capital Appropriations

In anticipation of your confirmation appropriations amounting to $34.2 million, in addition to those approved at the last Annual Meeting, were authorized by your Directors during the year. These included $25.5 million of ocean steamships, of which $23.6 million was for your third new passenger-cargo liner; $2.4 million for additions and replacements to communication facilities; $1.7 million for seven rail diesel cars and spare components; and $1.3 million for construction of new trackage. Your approval will be requested also for capital appropriations for the year 1958 amounting to $83.8 million.

The appropriations for rolling stock include provision for 117 diesel locomotive units and 2,350 freight cars, including 500 delivered in 1957 and under lease at December 31.

Officers, Employees and Patrons

Your Directors desire to express sincere thanks to employees and officers for the high quality of their services and to shippers and the travelling public for their patience and loyalty during the period of enforced suspension of railway operations in January, 1957, and for their patronage of Canadian Pacific services throughout the year.

For the Directors,

N. R. CRUMP,
President.

Montreal, March 10, 1958.

CANADIAN PACIFIC RAILWAY COMPANY

General Balance Sheet, December 31, 1957

ASSETS

CURRENT ASSETS:		
Cash	$ 25,536,183	
Temporary Cash Investments	26,794,613	
Special Deposits	4,817,965	
Agents' and Conductors' Balances	21,213,617	
Other Accounts Receivable	24,238,027	
Material and Supplies	46,459,358	
		$149,059,763
DEFERRED PAYMENTS AND MORTGAGES ON PROPERTIES		8,322,867
UNSOLD LANDS AND PROPERTIES		9,289,875
INSURANCE FUND		13,188,540
DEFERRED DEBITS:		
Prepaid and Unadjusted Charges	$ 4,120,934	
Unamortized Discount on Funded Debt	3,189,822	
		7,310,756
INVESTMENTS:		
Controlled Companies	$ 100,203,202	
Other Companies	36,131,521	
		136,334,723
PROPERTIES:		
Railway	$2,004,669,134	
Communications	52,813,638	
Hotels	66,159,833	
Steamships	94,944,283	
Other Properties	10,675,224	
		2,229,262,112
		$2,552,768,636

LIABILITIES

CURRENT LIABILITIES:		
Accounts Payable and Wages Accrued	$ 49,933,364	
Taxes Accrued	9,624,093	
Dividends Declared	12,508,390	
Other Current Liabilities	13,052,943	
		$ 85,118,790
DEFERRED LIABILITIES		3,467,579
DEFERRED CREDITS AND RESERVES:		
Deferred Credits	$ 5,151,028	
Tax Equalization Reserve	32,850,000	
Insurance Reserve	13,188,540	
Investment and Other Reserves	4,914,092	
		56,103,660
PROVISION FOR DEPRECIATION		878,196,192
FUNDED DEBT		144,133,500
DEBENTURE STOCK		292,548,888
SHAREHOLDERS' EQUITY:		
Preference Stock	$ 137,256,921	
Ordinary Stock	351,656,775	
Premium on Stock	37,992,349	
Donations and Grants	78,973,335	
Retained Income (Balance)	487,320,647	
		1,093,200,027
		$2,552,768,636

S. J. W. LIDDY, *Comptroller*

AUDITORS' REPORT TO THE SHAREHOLDERS OF CANADIAN PACIFIC RAILWAY COMPANY:

We have examined the above General Balance Sheet of the Canadian Pacific Railway Company as at December 31, 1957, and the related financial statements, and have obtained all the information and explanations we have required. Our examination included such tests of accounting records and other supporting evidence and such other procedures as we considered necessary in the circumstances.

In our opinion the General Balance Sheet and related financial statements are properly drawn up so as to present fairly the financial position of the Canadian Pacific Railway Company at December 31, 1957, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PRICE WATERHOUSE & CO.
Chartered Accountants.

Montreal, March 7, 1958

NYSE Members Voting on Higher Commissions

Governors of N. Y. Stock Exchange propose an increase in stock brokers' commissions averaging 13%. Membership is expected to complete their voting on this proposal by April 3.

Keith Funston, President of the New York Stock Exchange, announced that the Board of Governors had approved an amendment to the Exchange's Constitution which provides for an increase in minimum commission rates. The new rates would result in an increase of about 13% in gross commission revenues, he added.

G. Keith Funston

The proposed new rate schedule will be submitted immediately to the membership of the Exchange for a vote. The balloting is expected to be completed on April 3, 1958. Changes in the commission schedule, if approved by the membership, will be effective May 1, 1958.

The Board, Mr. Funston reported, also considered mandatory minimum charges for certain services rendered by member firms to the public and determined that the subject should receive further study.

Rising Costs to Blame

Mr. Funston said that the proposed increase in minimum commission rates, which would be the first change since November 1953 and the second since November 1947, was based on a steady increase in costs of conducting a securities commission business and a corresponding decrease in net return. Rising costs include wages and salaries, office space, communications facilities and research and statistical services.

The annual income and expense study prepared by the Exchange, Mr. Funston noted, showed that the net profit before income taxes, on securities commission business declined about 40% from 1954 through the end of 1956. This occurred, he said, despite increased volume and rising securities prices (in the period covered) with consequent increased gross commission income.

Final figures for 1957 are not yet available, he continued, but reports from some 296 firms indicate a further decline. Some 58% of the reporting firms stated that their commission business showed a loss, or less than a 5% return, on their gross.

"A recent analysis," Mr. Funston said, "also reflects the efforts of member firms to keep an effective control over costs. Despite increased efficiency of operations, the average over-all cost of conducting a securities commission business increased between 15 and 16% from January 1954 to the end of 1957. Meanwhile, other non-manufacturing industries, faced with their own operating problems, found their costs rising by about 20%.

"The Board felt," Mr. Funston added, "that if member firms are to operate on a healthy basis, and continue to provide the public with the quality of service they have come to expect, a modest over-all increase in commission rates is essential."

Based on 100 Shares Or an Odd Lot

The proposed new schedule is based, as at present, on the amount of money involved in a transaction of 100 shares or an odd lot.

Briefly, it increases by $3 the minimum commission for each round lot or odd lot transaction with money value from $400 to $2,200, and by $4 for each transaction above $2,200.

On transactions involving $100 to $399, the increase ranges from a few cents to $3.

The proposed schedule retains the basic $6 minimum commission for transactions involving $100 or more. There is no change in the commission structure for transactions involving $100 or more. There is no change in the commission structure for transactions under $100—the charge remains as mutually agreed.

The new schedule raises the highest minimum commission for each transaction of 100 shares or less to $75 from $50. The top minimum commission per share is increased to $1.50 from $1. These two changes provide commission increases in higher priced stocks.

"To measure the over-all effect of the new schedule," Mr. Funston said, "we applied the rates to all transactions on the Exchange during a recent week. We found that the average commission was just about 1% of the value of the securities traded—thus, under the new schedules, commissions remain probably the lowest for the transfer of any kind of property."

Shows Schedules

The proposed and present schedules, for each 100 shares, are shown below:

Proposed

Under $100—AMA (As Mutually Agreed)
$100 to $399—2% plus $4
$400 to $2,199—1% plus $8
$2,200 to $4,999—½% plus $19
$5,000 and over—1/10% plus $39

Present

Under $100—AMA (As Mutually Agreed)
$100 to $1,999—1% plus $5
$2,000 to $4,999—½% plus $15
$5,000 and over—1/10% plus $35

For odd lots (less than 100 shares in stocks traded in 100 share units) in the above ranges, the commission is and would continue to be $2 lower per transaction.

The commission revision in 1953 authorized, for the first time, one-half the regular commission for so-called round turn transactions completed within 30 days. This applies if the same stock is bought and sold within 30 calendar days. The proposed revision changes the 30 days to 14 calendar days. In place of the present $2.50 charge for a round lot and $1.50 for an odd lot in round turn transactions, the revision calls for $5 for a round lot and $3 for an odd lot.

The new schedule also increases floor brokerage and clearance rates—the amounts paid by one member to another for executing and clearing transactions—in the same proportion as the increase in commissions charged the public.

Members have two weeks to approve or disapprove. If a majority of the membership has not voted within that period, the time for balloting is automatically extended another two weeks. A majority of those voting must indicate approval for the changes to become effective.

Three With Daniel Reeves

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—Donald T. Brock, Spencer B. Hiatt, Ervin J. Urman and Stuart P. Kastner have become affiliated with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Pacific Coast Stock Exchanges. Mr. Kastner was previously with McCormick & Co. Mr. Urman was with Daniel D. Weston & Co., Inc.

How School Committees Can Save Taxpayers' Money

By ROGER W. BABSON

Prefab schoolhouses, longer school term, lengthier teaching load, higher salaries, and removal of "extracurricular nonsense," are multisolutions advanced by Mr. Babson to solve the increasingly growing crisis of shortage of classroom space and teachers.

Do you realize that school enrolments have increased this year for the 13th year in a row and that right now one out of every four persons is attending school or college? This is why two national problems are reaching crisis proportions: (1) classroom space; and (2) the teacher shortage. How is your community solving these problems?

Roger W. Babson

Already operating expenses of our public schools are consuming about 50% of the budget in the average New England town; and I imagine this is typical of other areas across the country. School building committees simply cannot continue to spend the taxpayers' money as freely in the next ten years as they have in the past ten, for already in this slight recession home owners are finding their tax load more than they can bear.

In 1952, we were short some 312,000 classrooms. The figure probably approaches 500,000 today, despite all the building already completed. How are we going to pay for these needed new schoolrooms? May I be bold enough to suggest that we cannot—at least not in the fashion we have been accustomed to in the past! There must be some changes made. Let me ask you, could you afford a custom-built automobile at, perhaps, $20,000. Your town can no more afford a custom-built school! If our Federal Government officials really want to help in this crisis, they will stop talking subsidies for education and, instead, lead in designing prefab schoolhouses that could be mass produced — basic schoolhouses that rooms could be added to or subtracted from, and which could be moved elsewhere as occasion demands. Communities are going to have to "put the horse back in front of the cart," first asking how much they can afford for a schoolhouse; then sending their building committee out to buy the best they can afford.

A New Look In Education Needed

To have the average elementary school lying idle for three months and to have the average high school catering to but a few summer pupils compared with the total it might serve is poor economics. In many privately endowed institutions of higher learning today, the seats are never allowed to cool off. Space is at a premium, and they know how to use it

I can hear the hue and cry from parents in your town already, when we talk about running school continuously, perhaps staggering vacations, and even operating Saturdays. All sorts of reasons are going to be given why a five-day, one-session, nine-month program is a very sacred thing . . . but the only sacred thing about it is that we have always done it that way!

Teachers and Money

Teachers will probably oppose any change in routine. After all, one of the compensations of teaching is a long vacation. They will probably say that a longer day or week is psychologically unsound for both teachers and pupils. My own college administrators say that this is not necessarily so. Furthermore, if teachers would accept an 11-month job responsibility, a longer work day, and a longer work week like all other professional people, they could readily become more productive and their income would be raised. *School committees could also help make much better teachers by cutting out a lot of the extracurricular nonsense.*

I do not forget that children cannot be put on an educational production line and have their education added like parts to a car. Education is a process of reaction between student and teacher, and student and student. This, like a great work of art, takes time to put together; it takes reworking; it takes patience; it takes a master to produce good results. So I say to school committees and those concerned with education, weigh your educational values, cut your heavy spending on bricks and mortar, make more economical use of your buildings and time, and immediately cut out the extracurricular nonsense. Then, put your tax money where it will do the most good—into capable, inspiring, and devoted teachers.

Greene & Company Celebrating 28 Years

Irving A. Greene

Greene and Company, 37 Wall Street, New York City, on April 2 celebrated its 28th anniversary with a dinner for employees and friends in the trading fraternity. Irving A. Greene, Julius Golden and Robert M. Topol are partners.

Wm. B. Chappell in N. Y. Fund Campaign

William B. Chappell, Vice-President of The First Boston Corporation, is Chairman of the investments section for private firms of the 1958 Greater New York Fund campaign.

Public Utility Securities

By OWEN ELY

Western Massachusetts Companies

Western Massachusetts Companies is a holding company owning all the shares of Western Massachusetts Electric Co. and Quinnehtuk Co. The latter is a small real estate company which is currently developing "industrial parks" to attract industrial customers to the area. The holding company is kept alive mainly for the reason that it has outstanding $15 million 2.8% secured notes due 1969—a low interest rate which could not be duplicated. The operating utility company has outstanding only bonds and common stock, and the overall equity ratio is 45%. The parent company has issued common stock only twice since it was formed in 1927. The accompanying table shows the company's earnings history over the past two decades.

In the area served by the company in Western Massachusetts manufacturing is divided about evenly between durable and non-durable goods; only about 9% of industrial revenues are derived from textiles. Paper is the most important industry served, followed by chemicals, rubber and textiles. Sales to paper and chemical companies are showing improvement this year while sales to a tire manufacturer, and to producers of electrical equipment and machine tools, are down. Recent weekly figures for total load were about the same as last year—much the same as for the electrical utility industry as a whole. In the first two months of 1958 revenues were up about 2% for the company's own customers (residential and commercial were up 6% and industrial off 8%), the overall increase of 15% being due mainly to contract sales of power to other electric companies.

Last July the new 100,000 kw. unit No. 3 went into operation at West Springfield Station, and at the end of the year generating capacity totaled 395,000 kw. (289,000 steam and 106,000 hydro) compared with the peak load of only 256,000. While some capacity is inefficient it is obvious that the company now has a substantial reserve capacity and part of the output of Unit No. 3 is therefore being sold under contract to neighboring systems in gradually diminishing amounts. By 1960 the Electric Company should be using the entire output of this unit to serve its own customers. The company may then start buying power up to 1965 when another station may be built. The cooperative pooling arrangement in New England permits the construction of larger and more efficient units.

Thus there should be no substantial expenditures for generating equipment (other than for the modest investment in Yankee Atomic Electric) before 1964-65. During the three years 1958-60 inclusive expenditures may total only about $8 million per annum, of which about half will be available from internal sources. Including $5 million bank loans about $16 million of new capital will be required, and some common stock (about 1-for-12) will probably be sold in 1959.

Western Massachusetts Electric is the first company in New England to announce an aggressive program to sell electricity for house-heating to set up new rate schedules tailored to this purpose. Electric heating and cooling are closely associated with the heat-pump, which is becoming increasingly popular in the South, but the current Massachusetts program is not based on the heat pump, but on ordinary "resistance" heat. The company has no gas service and is competing with neighboring gas utilities for house-heating. Thus it is attempting to have new homes designed and engineered for all-electric service—heating, cooling and all other services—as opposed to the all-gas homes favored by the gas companies. Many installations have been of the so-called radiant ceiling type but the company has also been researching the possibilities of using stored heat. This would reduce the cost of electricity since a special cheap rate would be given to householders during the late night period, when electricity would be used to heat a large tank of water—which would furnish heat the following day. Having a thermostat in each room would also provide savings. The sales program is going actively forward and a number of demonstration homes are being prepared; 35 all-electric new homes have been completed in recent months.

The regulatory situation is considered satisfactory. In the past 30 years Western Massachusetts Electric has applied only once for a rate increase, which restored earnings to a fair rate of return (see table for history of earnings rate). Because of the recently increased rate base, the current rate of return is about 6.26% compared with the average of 6.66% in 1957. The company has recently been authorized by the Massachusetts Department of Public Utilities to file new rate schedules to provide fuel adjustment clauses for all classes of service.

The company maintains a hydro equalization fund—probably the only one in the country. Thus in 1957 $45,502 was credited to net income as an "adjustment for hydro equalization," compared with half that amount in the previous year. The balance sheet reserve for hydro equalization amounted to $841,164 at the end of 1957. The fund has worked well since 1946 when it was started with $400,000, and has been accepted informally by the Massachusetts Commission.

Tax deferrals resulting from liberalized depreciation have been normalized and credited to a reserve; this has been permitted by the Massachusetts Department of Public Utilities, although some other New England states have ordered that such tax savings should not be normalized.

Share earnings were $3.23 last year against $3.09 in 1956. If the recession should continue throughout 1958, the share earnings may not exceed those of last year, it is surmised. However, with any return to a normal growth rate, the management anticipates higher earnings.

Western Massachusetts Companies stock is traded in the Over-the-Counter Market. There is no present plan to list the stock. At the recent price around 42, the yield based on the $2.20 dividend is about 5¼%, and the price-earnings ratio is 13.

WESTERN MASSACHUSETTS COMPANIES

EARNINGS HISTORY

	Western Massachusetts Electric Company Oper. Inc. to Plant*	Western Mass. Companies Consol. Earnings per Share	Western Massachusetts Companies Dividends Paid per Share	% Payout
1957	6.66%	$3.23	$2.20	68.1
1956	6.96	3.09	2.20	71.2
1955	6.93	3.09	2.20	71.2
1954	6.96	2.96	2.00	67.6
1953	6.43	2.55	2.00	78.4
1952	5.63	2.29	2.00	87.3
1951	5.74	2.10	2.00	95.2
1950	7.13	2.70	2.00	74.1
1949	7.44	2.64	2.00	75.8
1948	7.66	2.30	2.00	87.0
1947	8.18	2.41	2.00	83.0
1946	8.90	2.67	1.95	73.0
1945	6.44	1.84	1.65	89.7
1944	6.50	1.89	1.60	84.7
1943	5.83	1.69	1.60	94.7
1942	5.62	1.76	1.60	90.9
1941	6.34	1.91	2.00	104.7
1940	6.94	2.17	2.00	92.2
1939	7.18	2.27	2.00	88.1
1938	7.09	2.21	2.00	90.5
1937	7.12	2.26	2.00	88.5

*Ratio of Western Massachusetts Electric Company's net operating income (adjusted for hydro equalization) to average net plant plus materials and supplies.

Securities Salesman's Corner

By JOHN DUTTON

Don't Lead With Your CHIN!

Investors are people and they have moods just the same as buyers of any other commodity. The salesman who studies his customers' buying habits will save his valuable time, will create more opportunities for doing business and will earn a larger income with less strain and effort than the man who does none of these things. Following are some of the idiosyncracies of investors that it will pay you to catalogue and to remember.

Investor Types

Some investors want to hear about something "new" or "special." They have a hankering to obtain a bargain. If they are bond buyers, they will welcome a call when you have made a particular purchase from one of your accounts, an estate, or a bank and you can offer them even an odd lot a bit under the going market.

Other investors do not wish to be telephoned too often. They will resent it. Better to mail them a circular or a memoranda of an attractive issue and suggest they call you if they desire to discuss it.

Some investors want to be telephoned on practically every new issue and desire to keep posted on market changes very often. If so, and their account warrants this attention and service, by all means do so.

There are people who want you to "warm them up" by chatting a while before you start to talk business. There are others who want you to come to cases immediately. Be sure you make note of these types and cooperate with them.

There are some people who do not want you to call at their home, or at their office. They prefer you to do business with them by mail and telephone.

There are investors who have a plan of investment, who take their securities portfolios seriously. They want information and the more you can send them the better. Others are impulsive, do not care to read or study and if you continue to send them data it may do you more harm than good.

Be careful about telephone calls to some people's homes. Some resent this, others do not. Many husbands and wives do not share each other's confidences in money matters. Be careful about ever disclosing any information that may embarrass either one.

Some security buyers are natural born traders. They want to buy at a discount, even if a quarter of a point less than what someone else may be willing to pay for the same bonds. Prepare yourself beforehand when you make an offering to them.

There are people who wish to be entertained, taken to luncheon or dinner, and remembered at Christmas. Others do not and any attempt on your part to show a courtesy may be misconstrued and you will lose more than you will gain by offering invitations or gifts. Study your people and be careful and tactful when you enter this area of salesman and client relationships.

Meeting an Obstacle

You will eliminate many obstacles and objections if you will study your prospects and customers and make contact with them at a time and place, and in such a manner as will be agreeable to them. Speaking of overcoming objections, I overheard this one the other day. A salesman had unsuccessfully offered some discount municipals to one of his customers and he was complaining to his salesmanager that his customer turned him down because he didn't want to pay the capital gain tax on the appreciation that would ensue when the bonds matured in about 10 years. His salesmanager replied, "That's a cinch, why didn't you tell him that if he bought the bonds you would buy them back from him in a couple of months at a price that would show him a loss, then he wouldn't have to worry about it." Sometimes a joking remark such as this can evade an objection that in this case could have been more of an excuse for not buying than a valid reason for not doing so.

Phila.-Balt. Exchange Standing Committees

PHILADELPHIA, Pa. — The Philadelphia-Baltimore Stock Exchange announces the appointment of the following chairmen of standing committees for the ensuing year: Admissions—Frank L. Newburger, Jr., Newburger & Co.; Arbitration—George E. Nehrbas, Parrish & Co.; Business Conduct—Samuel K. Phillips, S. K. Phillips & Co.; Elections — Edward J. Tague, E. J. Tague & Co.; Finance — William Gerstley, II, Gerstley, Sunstein & Co.; Floor Procedure — S. Grey Dayton, Jr., Elkins, Morris, Stokes & Co.; Member Firms—George E. Snyder, Jr., George E. Snyder & Co.; Stock List—Robert P. Morrissey, Jones, Miller & Co.

J. R. Williston Plans Expansion as A. C. Beane Joins Firm

J. R. Williston & Beane have announced plans for expansion of its brokerage and investment services with the admission of Alpheus C. Beane as senior partner. Mr. Beane retired Feb. 28 from Merrill Lynch, Pierce, Fenner & Beane.

A. C. Beane

Harry E. Towle, senior partner of the 69 year old Williston firm, said "With Mr. Beane's aid, we can accelerate our expansion program. Our plans call for the full use of his broad experience in securities, commodities and branch operations. "We are confident that the combination of the Williston tradition of personal service and Mr. Beane's background, gained with the most widely diversified firm of all, will make it possible to serve our present customers better and to attract others from all parts of the country."

M. Beane, who has had 26 years of varied experience in the brokerage field, said the first four steps of the expansion program would be: (1) development of facilities and personnel to handle more effectively both hedging and speculative commodity business; (2) broader activities in the underwriting field; (3) establishment of a municipal bond department; and (4) opening more branch offices, initially in the New York metropolitan area.

"These steps," he explained, "will give us the well-rounded organization needed fully to serve our customers and to maintain a profitable operation. To cope with increasing costs, brokerage firms must diversify and be equipped to handle all types of security and commodity transactions for their customers.

"As Williston already has an excellent research department, a well-established investment advisory service, and facilities for handling business on major exchanges," Beane added, "we can quickly build a broader, stronger organization."

"The first office expansion," he said, "will be in the metropolitan New York area, where the Williston name is well known and where there is the greatest concentration of potential investors."

Mr. Beane, after graduation from Yale in 1931, worked with Fenner & Beane, later managed offices in Orlando, Cleveland and New York.

Among other activities of Merrill Lynch, Pierce, Fenner & Beane, he was director of the Commodity Division and also organized and supervised the firm's extensive training program. In 1938, Mr. Beane became the youngest broker ever to be elected a governor of the New York Curb Exchange, now the American Stock Exchange.

Cavenee, Roberts Forming

SAN DIEGO, Calif.—Cavenee & Roberts, members of the New York Stock Exchange, is being formed with offices at 625 Broadway. Partners are Norman C. Roberts, who will hold the firm's Exchange membership, and Clark M. Cavenee. Mr. Cavenee has been active as an individual stock broker in San Diego and has been a member of the New York Stock Exchange.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Ernest W. Redeke, formerly Vice President, was appointed Comptroller of **The First National City Bank of New York** on April 1. He succeeds Ralph H. Thomson, Comptroller since 1953, who retired on March 31.

Ernest W. Redeke

Mr. Redeke joined the Bank in 1921. He was appointed an Assistant Vice - President in 1955. Mr. Redeke has been associated with the Comptrollers Department since the latter date.

Mr. Redeke attended Princeton University in 1930-31 on a National City Foundation award. He also attended the American Institute of Banking, New York University Graduate School and the Graduate School of Banking, Rutgers University.

* * *

Francis S. Baer, Chairman, Executive Committee of **Bankers Trust Company, New York,** retired as an officer of the bank on March 31, having reached the company's mandatory retirement age of 65. Mr. Baer will continue as a member of the bank's board and on its executive and development committees. He will maintain an office in the bank's quarters at 415 Madison Avenue, New York.

Mr. Baer joined the staff of Bankers Trust Company as a Senior Vice-President and member of the Board of Directors in 1949. Prior to that date, he was Senior Vice-Chairman of the Board of Directors and Member of the Executive Committee of the **Bank of America, National Trust and Savings Association, Calif.**

* * *

Edward A. Andel, 60, a Vice-President of the **Bankers Trust Co. of New York,** died March 25. Mr. Andel joined the bank's foreign division in 1923 and remained in the division the rest of his life. He was elected a Vice-President in 1950.

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BANKERS TRUST COMPANY, NEW YORK

	Mar. 31, '58 $	Dec. 31, '57 $
Total resources	3,006,901,024	2,910,512,836
Deposits	2,640,092,682	2,556,159,290
Cash and due from banks	809,014,059	815,266,719
U. S. Govt. security holdgs.	565,197,307	514,033,626
Loans & discts.	1,458,701,998	1,448,257,250
Undiv. profits	59,699,364	56,439,887

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Frederic J. Evans was elected a Director of the **Trade Bank & Trust Co., New York.**

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The appointment of J. H. Jebsen as an Assistant Vice President of **Manufacturers Trust Company, New York** is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Jebsen joined Manufacturers Trust Company in 1954 and in 1955 he was assigned to the Bank's representative office in London. Since January, 1956 Mr. Jebsen has been in charge of the Bank's representative office in Frankfurt am Main, Germany which covers the Bank's business in Central Europe.

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J. P. MORGAN & CO., INC., NEW YORK

	Mar. 31, '58 $	Dec. 31, '57 $
Total resources	920,956,147	876,053,503
Deposits	803,993,309	759,452,990
Cash & due from banks	233,401,541	220,214,610
U. S. Government security holdings	189,603,456	185,381,480
Loans & discounts	392,661,884	385,196,102
Undivided profits	18,747,127	16,997,163

* * *

GUARANTY TRUST CO. OF NEW YORK

	Mar. 31, '58 $	Dec. 31, '57 $
Total resources	3,167,081,776	2,967,393,052
Deposits	2,558,572,900	2,438,414,144
Cash and due from banks	723,304,626	601,308,471
U. S. Govt. security holdgs.	539,143,178	525,408,071
Loans & discts.	1,581,703,109	1,609,992,036
Undiv. profits	96,680,562	92,808,019

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IRVING TRUST COMPANY, NEW YORK

	Mar. 31, '58 $	Dec. 31, '57 $
Total resources	1,912,952,751	1,804,051,252
Deposits	1,717,749,754	1,578,462,572
Cash and due from banks	496,646,788	502,571,153
U. S. Govt. security holdgs.	385,765,012	344,867,667
Loans & discts.	858,675,495	806,148,812
Undiv. profits	25,752,785	27,801,493

* * *

THE NEW YORK TRUST CO., NEW YORK

	Mar. 31, '58 $	Dec. 31, '57 $
Total resources	872,378,797	852,884,584
Deposits	764,059,787	743,273,075
Cash and due from banks	207,841,249	253,372,195
U. S. Government security holdings	173,676,498	151,026,083
Loans & discounts	423,811,136	399,216,332
Undivided profits	12,614,366	11,841,518

* * *

THE MARINE MIDLAND TRUST CO. NEW YORK

	Mar. 31, '58 $	Dec. 31, '57 $
Total resources	612,433,858	630,638,341
Deposits	532,492,816	551,977,518
Cash and due from banks	171,427,350	208,727,475
U. S. Government security holdings	105,936,084	100,501,780
Loans & discounts	281,953,189	286,286,429
Undivided profits	11,454,659	10,960,141

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THE BANK OF NEW YORK

	Mar. 31, '58 $	Dec. 31, '57 $
Total resources	549,919,485	587,842,052
Deposits	480,396,672	517,762,329
Cash and due from banks	148,874,787	194,156,062
U. S. Government security holdings	92,840,060	89,091,904
Loans & discounts	257,706,844	264,822,760
Undivided profits	5,294,792	4,940,891

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Albert J. Brock has been elected Assistant Comptroller of the **Grace National Bank of New York.**

Mr. Brock has been with the Grace National Bank since 1941 and has worked in the Auditing, the Discount Department and the Comptrollers Department.

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GRACE NATIONAL BANK OF NEW YORK

	Mar. 31, '58 $	Dec. 31, '57 $
Total resources	214,032,354	207,922,583
Deposits	182,156,413	186,957,102
Cash & due from banks	57,468,184	53,701,408
U. S. Government security holdings	49,933,297	49,119,892
Loans & discounts	88,119,836	85,742,788
Undivided profits	1,699,530	1,355,347

* * *

Madison H. Haythe has been elected an Assistant Vice-President of **The Greenwich Savings Bank, New York,** effective April 1, it was announced by Earl Harkness, President and Chairman of the Board of the bank. Mr Haythe was associated with **Guaranty Trust Company of New York** from 1941 until 1957, when he resigned his position as Second Vice-President.

Mr. Haythe will be in charge of the bank's securities portfolio.

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Robert M. Catharine, Chairman of the **Dollar Savings Bank of the City of New York,** announced the election of Victor E. Zoeller as a Vice-President.

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Mr. H. Clinton Corwin, has been named Trustee of **The Dime Savings Bank of Brooklyn, N. Y.,** it is announced by George C. Johnson, President of the bank. He will fill the vacancy created by the recent death of Walter Hammitt.

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John W. Hooper, President of **The Lincoln Savings Bank, Brooklyn, N. Y.,** announced the following promotions, effective April 1.

Paul F. McGuirk, Vice-President; Edward J. Puttre, Assistant Vice - President; August W. Junger, Assistant Vice-President; Francis A. Clements, Deputy Auditor; Adolph Baricevac, Manager, Life Insurance Department.

Mr. McGuirk, who has been with the bank since 1928, will be Vice-President and Manager in charge of The Lincoln's new Marlboro Office, Avenue X at West 2nd Street, opening in May of this year. He was appointed Assistant Cashier in 1951 and Assistant Vice-President in 1953.

Edward J. Puttre, appointed to Assistant Vice-President, will take over Mr. McGuirk's post as Assistant Manager at the Brighton Beach office of the bank. He has been with the bank since 1935.

August W. Junger, Assistant Vice-President, has been with The Lincoln since 1930.

Adolph H. Baricevac, Manager, Life Insurance Dept. has been with The Lincoln since 1937.

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Chittenden Trust Company, Burlington, Vt. announces the election of Horace U. Ransom, Jr. as Executive Vice-President, effective April 1.

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Robert M. White Assistant Vice-President of the **Massaquan National Bank** died on March 30 at West Belmar, N. J., at the age of 53.

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First National Bank of the Black Hills, Rapid City, S. Dak. increased its common capital stock from $750,000 to $1,000,000 by a stock dividend effective March 19. (Number of shares outstanding — 10,000 shares, par value $100).

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The Directors of the **Mutual Bank & Trust Co., St. Louis, Mo.,** and the **Security National Bank Savings & Trust Co., St. Louis, Mo.,** have agreed to merge the two banks, subject to the approval of two-thirds of the stockholders of both banks and State officials. The merged Banks would be known as the **Security-Mutual Bank & Trust Co.**

Under the plan, Mutual Bank, with 70,000 common shares currently outstanding, will declare a 15% stock dividend, thereby increasing its outstanding stock to 80,500 shares. Security National has 30,000 shares outstanding.

Following the Mutual Bank dividend declaration, shareholders of both banks would exchange their shares on a share-for-share basis for stock in the new Bank. Security-Mutual then would have 110,500 shares and assets of approximately $87,000,000.

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Approval was given by the Office of the Comptroller of the Currency to the **"National Bank of Newport," Newport, Tenn.,** to open a new bank. The bank has a capital of $200,000 and surplus of $100,000; Chas. T. Rhyne is the President and George B. Nye is the Cashier.

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By a stock dividend, the common capital stock of **The First National Bank of Leesburg, Fla.,** was increased from $400,000 to $500,000 effective March 17. (Number of shares outstanding—50,000 shares, par value $10).

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Don A. Beecher has been elected a Vice-President of the **Bank of America, San Francisco, California** and will serve in the corporation and bank relations department in northern California.

D. W. Ambridge, was elected a Director of the **Royal Bank of Canada, Montreal.**

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Two internationally known financiers were elected to the board of directors of **Banca d' America e d' Italia, Milan, Italy,** and a dividend of 40 lire per share was declared on the bank's stock at the general meeting of shareholders March 20.

The two new members of the board are Luigi Attilio Jaschi and Gianni Agnelli.

In addition to his board election, Jaschi was designated as Managing Director of Banca d' America e d' Italia.

Banca d' America e d' Italia was purchased last fall by **Bank of American (International),** wholly owned subsidiary of **Bank of America, NT & SA.**

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Julius Weiss, has been elected Chairman of the board of **Union Bank of Israel, Ltd., Israel.**

James A. Reeves With Adams-Fastnow Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — James A. Reeves has become associated with Adams-Fastnow Company, 215 West Seventh Street, members of the Pacific Coast Stock Exchange. Mr. Reeves was formerly an officer of Akin-Lambert Co.

Continued from page 3

Outlook for Business And Securities Markets

lowest ratio to gross national product since 1929. But now that money is being eased, there is reluctance to use it. The loan accounts and thus deposits of the banking system tend to decrease.

Private debt is historically high—almost three times its level of 1929 in dollars. Consumer credit, for example, as a percentage of disposable personal income is about 15% today compared with a pre-war high of a little over 11%. Mortgage debt on one-two-four family residences is above 35% of disposable personal income compared with less than 25% in 1929.

Prices of some volative commodities, such as copper, have experienced a precipitous decline. Despite a record $12.9 billion of new corporate financing last year, corporate balance sheets are becoming less liquid. The number of business failures is rising, and the liabilities involved in these failures are more than three times what they were in 1939. Tax rates are so high as to threaten the fundamentals of private enterprise. Depreciation allowances are inadequate in a period of high replacement costs and rapid obsolescence. Farm income is approximately at the low of the past ten years. Unemployment in February was 5,173,000, which is 6.7% of the labor force. It is felt this figure will rise further in March, if not also in April.

Dividends are being cut. While earnings of the bigger, more efficient companies were approximately at their all-time highs last year, even the earnings of such companies are now declining, and it is estimated that last year all corporations earnings after taxes were no higher than in 1948 although meanwhile gross national product had expanded from $257 billion to $434 billion—a profitless growth of prosperity indeed for the typical company comprising the "all corporations" figure.

The rate of growth of production in the USSR is such (if we may believe them) that starting with 1950 as 100, Russia achieved 225 in 1957 against a comparable rise from 100 to 118 in the United States. Probably they overstate their case, but even if we discount heavily it is still impressive—doubly so since Sputnik. There has been basic loss of confidence in our national leadership. There is continuing threat of economic or military trouble in many parts of the world, including Brazil, Algeria, Egypt and the Middle East, Indonesia and elsewhere.

This is an impressive array of unfavorable factors, but must be viewed in perspective. We always have troublesome factors with which to deal; the important thing is to weigh them against the favorable or stimulative elements, and try to strike a balance on one side or the other.

Are Bad Factors All Bad?

Some of the unfavorable factors are not as bad as they appear on the surface. Some others may have spent most of their force. We have been dealing with these adverse business and market trends for a long period now, and have likely discounted much and placed our houses in order. Several of the elements which started the trouble have gone into reverse. And several important upward moving forces are present.

Some bad factors seem less threatening when carefully analyzed. There is increasing recognition that some labor leaders have abused their positions. This could lead to more generally enlightened leadership with respect to the relationship of wage rates to productivity. It may be a slow process, but it is possible to hope a start has been made.

At the rate at which inventories are being liquidated, it is possible that movement could be over in another six months. In some industries, such as steel, we may be producing 15 to 20% below consumption, even at these reduced rates of consumption.

Consumer debt seems high, but we have no standard since it is difficult to prove consumer debt ever caused serious trouble. Housing debt is on a different, less threatening basin than was true in the 1920's. Over-all private debt is not high in relation to the national income by historical standards. This private debt-to-national income ratio is lower than at any time from 1919 to 1940.

Gross National Product may now be down to an annual rate of about $428 billion. This looks bad against last year's third quarter peak of $440, but the first 1957 quarter was under $430, and the 1957 total was $434, a new all-time peak only 1½% above where we now are. February's Personal Income was down to an annual rate of $341.8 billion, $5.5 below August, but still $3.5 above February, 1957. Personal consumption expenditures are receding a little, but from a very high level. New personal savings are probably still running at an annual rate of $19 billion or thereabouts.

The 22 Sensitive Raw Materials Price Index, which received so much attention on the downside last year, is tending to rise. The "All Wholesale Commodity Prices" index of about 2,000 commodities is in new all-time high ground. The "Consumers Price" or Cost-of-Living index is in new high ground—not that that is good, but it certainly isn't the sort of thing one expects in a period of serious deflation.

While failures are increasing, so are the number of business firms in operation.

Even if the FRB Production Index should average only 127 for 1958—and that's lower than any predictions I've seen from Washington, or elsewhere—that would still preserve the long-term pattern of growth.

Though the economies of the Free World, ex-USA, are not as expansive currently as was the case in 1954, through the third quarter of last year they were running substantially above similar quarters of 1956, and my estimate is that on average they were still up 2% or so in units of output in the final 1957 quarter, compared with 1956's fourth quarter, at a time when we were already down sharply.

Though earnings are mixed, and now generally down, it is well to note that the Dow-Jones Industrials, on an index basis, appear to have earned about $35.50 in 1957, compared with $35.78 (the all-time high) in 1955 and $33.34 in 1956. Our estimates indicate they may earn as much as $31 this year. At 445, that would give a price-earnings ratio of only 14.4, not a particularly high appraisal in an off-earnings year.

In fact, the stock market never experienced much speculation in its long period of rise, and it is debatable if it ever became "overpriced," judged by historical standards. It is a common saying that it was a bull market in "blue chips," which, to mix a metaphor, is just another way of saying that in the late bull market the dogs never did have their day. Turnover never rose much, nor did buying on margin. The buying was largely by bank trust departments, pension funds, colleges, mutual funds and other institutions—and a large part of this buying is "for keeps," in percentages in stocks, if not in individual issues. Such stocks are in very strong hands—the kind that have new money to invest most of the time. Since institutions are so important in securities markets it may be well to consider that they seldom invest on a one-year basis, are more interested in long-term growth or repetitive earning power. In that connection, it is thought-provoking to observe that at its 1956 and 1957 peak prices the DJI sold at only 19.1 and 18.0 times its 10-year-average earnings. This compares with 20.7 in 1946, 22.9 in 1937, 33.6 in 1929.

Monetary and Fiscal Situation

Many of the things that made us cautious a year ago are turning into reverse. We then had a tight money policy. We have an easy money policy now. The discount rate has been cut three times since November. Member bank reserve requirements have been cut ½% twice in a month. Actual positive free excess reserves are now as big as negative reserves were last summer. Margins on stocks have been cut from 70% to 50%. The prime bank rate has been cut once. The bond market has had one of the fastest advances in history in a comparable time period. That there is more to come along these lines no one doubts.

The Administration and Congress a year ago were trying to cut defense expenditures; now they are raising them, and defense order placement is rising much faster than actual expenditure.

Last year, at every level, there was a fight for a balanced budget. While the fight has not been abandoned, it's obvious both the 1958 and 1959 fiscal year Federal budgets will show red figures. Currently, it looks like that red figure will be $1 billion for June 30, 1958, and perhaps $7 billion for June 30, 1959, unless we can turn the business picture upward pretty quickly.

Last year, one of our most respected New England Senators made a speech in Chicago in which he said: "Taxes are too high; we must get them down. Of course, if business improves, we ought to keep present high rates and pay down the debt. And if business recedes, obviously we'll have to keep tax rates high to avoid a deficit." Confused as that sounds—it was basic national philosophy a year ago. Tax reduction just wasn't practical under any foreseeable circumstance. Now we know the odds are strong we'll get tax reduction this year—deficit or no. This could add materially to after-tax income of many people, including some of your more important clients. It's even possible to hope that at long last corporations will be able to keep half of what they make.

Last summer, for the first time in 23 years, stock yields fell to the level of high grade bond (taxable) yields. This tempted many institutions to change the flow of new funds away from stocks. Now, stocks typically yield almost 1% above high grade taxable bonds again. Last summer it was feared Europe would fall down on us. Now Europe is holding up better than we. Last summer, there was a considerable confidence factor in the market; now stocks sell pretty much "ex-confidence."

With so many of the factors which were warning signals of a decline a year ago now having reversed positions, it is appropriate to thing in terms of the possibility of this decline stopping and even reversing, looking some distance ahead.

Decline Has Been Lengthy

Time is beginning to run out on this business recession and the bear market in stocks. From 1919, when the Federal Reserve Index of Industrial Production was first computed until now, there have been nine periods, including this one, in which this production index declined 10% or more. On six of the eight previous occasions the whole decline was over from top to bottom in 13 months or less. The current decline is now in its 15th month. One of the two long ones was 1943-1946—a period which few regarded as a business recession. Thus, for practical purposes, the present recession has lasted longer than any of its predecessors of the past 40 years with the exception of 1929-1933—a period which nobody expects to be repeated at this time.

In the 61 years in which the Dow-Jones Industrial Average has been computed there have been 11 bear markets of 24% or more, exclusive of the present. In seven of these 11, the entire decline from top to bottom had taken place in 23 months or less. An eighth had gone 98% of the way from top to bottom in the first 23 months. Even in the 1929-1932 affair, 76% of the whole price decline had taken place in the first 23 months. It is now 23 months since the Dow-Jones Industrial stock average established its all-time peak gross. Even if the top were to be dated from August 1956 instead of April, these figures would not change significantly.

Upward Moving Factors

There are certain important upward moving factors present today. Many of these are associated with the Government. In the first place, the Government is a very important stabilizing influence merely from the standpoint of the level of its expenditures. Total Government expenditures this year will probably be 27% of gross national product. Even total Government purchases of goods and services will probably exceed 21% of gross national product. And these major items are going to move upward instead of downward. State and local government spending will move up without respect to deliberate stimulation of the economy. The need for streets, roads, water systems, sewage systems, schools, teachers, recreational facilities is very present—boom or recession. Such expenditures are likely to rise another $3 billion this year. New highway expenditures would rise this year even without recession and probably will be stimulated beyond initial plans.

Over-all construction expenditures, public and private, are expected to rise. Though on an annual basis new homes starts appear to be in a declining trend, actually with the exception of February these new starts have been in a rising trend since May of last year. Vacancies over the country are surprisingly low considering the high level at which new home building has been sustained. Consumer research studies recently completed indicate that home owners expect to sustain the present active level of home improvement. This is especially important when we realize that approximately 60% of American families own their own home contrasted with only about 41% as recently as 1940.

Longer term forces for growth remain strong. The population continues to increase at the rate of about 3 million per year, repeatedly out-distancing all of the expert estimates. These people add to consumption and later require additional plant capacity to provide work. The U. S. living standard, despite recessionary tendencies in the great depression of the 1930's, is today about half again as high as it was in 1929, in constant dollars and on a per capita basis. There is nothing to indicate that this living standard will fail to continue to increase for anything other than a brief period, and a rising population with a rising living standard eats up an apparent over-capacity situation with surprising rapidity.

Efficiency continues to increase. This is true not only of manufacturing efficiency, but also efficiency on the farm. In fact, the farm situation is one of the most dramatic demonstrations of efficiency. From 1910 to 1957 the number of people on the farm decreased from 32 million to 21 million, from 35% of the total population to 12%, and yet farm output rose adequately to take care of a hugely growing population. One of the astounding economic demonstrations of our period is found in the fact that though farm net income has diminished greatly in the past ten years, farm land prices in the same period of time have advanced 80%.

Research expenditures are greatly increasing, laying the groundwork for many new products and processes.

There is thus every basic reason for expecting the country's long term growth to be resumed after current imbalances have been corrected.

Will Inflation Win Out?

One other major long term factor remains for consideration from the standpoint of investors; that is the factor of inflation. A great battle was fought against inflation in 1957. That battle was lost. The President, the Congress and the Federal Reserve System all sought to restrain advancing prices by means of cuts in federal expenditures and a restrictive monetary policy. This policy was necessarily reversed in November in the face of a fall in business and a rise in unemployment. Under the Full Employment Act of 1946 such circumstances must be recognized by administrative authorities. At a time when the cost of living and the wholesale commodity price structure was at the all-time high, it became necessary to initiate an easy money program—in other words, to inflate.

The federal budget for fiscal 1957-1958, which we had all fought so hard to balance, is going to be out of balance. The federal budget for 1958-1959, which was proposed two months ago as a balanced budget, was then and is now obviously an imbalanced budget with the possibility that the red figure could be as high as $7 billion even without a tax cut and even perhaps $10 to $15 billion with a tax cut. With the federal debt near its all-time high, we have again raised the federal debt ceiling $5 billion—temporarily, it is said.

Obviously, under these circumstances no prudent investor could disregard the continuance of long term inflationary risks.

What does one do about inflation? Perhaps the Frenchmen are the world's greatest experts on that particular question. French common stocks in 1957 averaged 5,576% of the level of 1937, and this is the second great inflation in France in one generation. Even in our own country the orthodox answer has been the right one. The purchasing power of the dividends paid by the Dow-Jones Industrials in January 1958 was 2.9 times the purchasing power of the dividends paid by that average when we went off the gold standard 25 years ago this month in 1933. The purchasing power of high grade corporate bond coupons in January this year was only 36% of the purchasing power of high grade bond coupons in 1933. For growth or inflation, in the long run, one owns common stocks.

Probable Outlook

What, then, our conclusions? These seem to me to be the probabilities. With respect to the business outlook over the short run of six months to a year, probably we have already witnessed the sharpest part of the decline, and probably the bottom will have been reached before many more months have passed. This will be due in part to corrective measures such as inventory reduction already being taken by businessmen. It will be due in part to the fact the economy has not had many serious excesses which could be expected to cause a downward deflationary spiral. It will also be due in part to the steps already taken and yet to be taken by the Federal Reserve System, the Administration and Congress.

But we should not expect business to turn around to an upward course abruptly and quickly. That doesn't usually happen. In 1921 we spent nine months in the bottom area before we turned upward decisively. In 1932-33, it took a false start and 13 months near the bottom before we got under way. In 1938 we spent five months in the bottom business area. In 1949 we were near the bottom eight months; in 1954, nine months near the bottom level of production before we finally turned up decisively. Thus, from the standpoint of historical experience, we need to recognize the current recession is unlikely to turn upward like a V.

There are other reasons for expecting a slow business turn this time. The natural causes of the next business advance are not yet clearly apparent, other than cessation of inventory reduction later in the year. President Eisenhower is not yet in a "panic." In fact, in large measure, the "March Song" of 1958 at the Presidential level appears to be a "waiting game." This may prove to be very wise in the long run, but it is not calculated to turn things about in a hurry.

Stocks and Bonds

This ought to mean that the bond market will remain a favored investment field for quite a while longer. You'll probably have plenty of time to let your recent bond purchases develop into long-term capital gains. Here and there you might find someone who can refund at lower interest rates.

Stocks currently seem to me to be reasonably good present values on the basis of expected 1958 earnings and dividends. The stock rally in recent months probably to some extent reflects hope of a business turn sooner than it is likely to take place. Disappointment at the slowness of business recovery may cause renewed reaction, but I do not think the price risks are great, or likely to last much longer.

From the standpoint of the long-term in both business and securities, the American economy is likely to resume its growth at a rate fully as dynamic as anything we have witnessed up to now. This is assured by the huge, increasing expenditure on research. I believe it is also strengthened by the fact that in this Postwar II period, for the first time in our generation, it is becoming increasing clear that the rest of the world—both Free and Communist — desire to improve their material living standards and are, in fact, year after year stepping up their production of goods and services at a percentage rate faster than we, even though they have started from much lower bases. This ought to have very favorable long-term implications for us.

As our economy grows, it will need more money to finance the further expansion. That ought to mean that over the long-term we shall work back to the point where your bond clients are being better compensated than was the case even last summer.

And as the economy grows, corporate earnings and dividends should again rise, perhaps even at a faster rate than appears to have been the typical corporate experience in the past 10 years.

Wisconsin Electric Power Bonds Offered

Merrill Lynch, Pierce, Fenner & Smith and Equitable Securities Corporation, as joint managers of an underwriting syndicate, on April 1 offered an issue of $30,000,000 Wisconsin Electric Power Co., first mortgage bonds, 4⅛% series due April 1, 1988, at 102.526% and accrued interest, to yield 3.98%. Award of the bonds was won by the group at competitive sale March 31 on a bid of 101.699%.

Net proceeds from the financing are expected to be used by the company for the retirement of presently outstanding bank loans aggregating $15,000,000; reimbursing its treasury for capital expenditures already made, and for meeting part of the cost of further additions and improvements to its utility plant.

The new bonds will be redeemable at regular redemption prices ranging from 106.66% to par, and for the sinking fund, the maintenance funds or upon application of certain moneys included in the trust estate, at special redemption prices receding from 102.53% to par, plus accrued interest in each case.

Wisconsin Electric Power Co. is an operating electric utility engaged principally in the generation, transmission, distribution and sale of electricity in the southeastern portion of Wisconsin. The territory served has an area of about 4,000 square miles and a population estimated at approximately 1,487,000 at Dec. 31, 1957.

For the year 1957, the company and its subsidiaries had consolidated operating revenues of $113,545,080 and consolidated net income of $13,439,668.

Join Abraham Staff

Abraham & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have announced that Kathryn Priscilla Magnus and Werner H. Kramarsky are now associated with the firm.

With Hathaway Inv.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Gertrude M. Hill and Ruby R. Williams have been added to the staff of Hathaway Investment Corp., 900 South Pearl Street.

Stanger Director

Wesley A. Stanger, Jr., a general partner in the investment banking firm of Riter & Company, has been elected a director of The Pennroad Corporation, a closed-end investment company.

Mr. Stanger also holds the position of board chairman of Strong, Cobb & Co., Inc., Cleveland pharmaceutical manufacturers, and is a director of Hightstown Rug Co., Hightstown, N. J.

McGeary Director

At a recent meeting of the Board of Directors of Silvray Lighting, Inc. and Associated Companies, of Bound Brook, N. J., John D. McGeary was elected a director.

Mr. McGeary is a partner in the New York brokerage firm of Auchincloss, Parker & Redpath.

Continued from first page

The Principal Thing to Fear Is Our Own Folly

free from the economic perils of inflation and unemployment.

Proposes Seven-Fold Program

So that those who run may read, let me give in capsule form what I think our present circumstances require.

(1) We must strengthen our defenses and make certain of our supremacy in the science and technology of modern arms.

(2) We must prevent further deterioration of the credit of the United States and encourage sound economic growth.

(3) These goals demand that we reject all tax reduction and pump-priming proposals which require deficit financing.

(4) New Federal works programs should be placed on a self-liquidating basis. It is better that new works programs be sponsored at the local level.

(5) We must end the price-wage spiral and curtail excessive profit margins.

(6) We must restrain the abuse of credit — private and government.

(7) We must ameliorate the suffering of unemployment.

There is danger that our present economic difficulties may distract us from the requirements of national security and our responsibilities as leader of the free world. This could be fatal.

No economic program, no social plans, no so-called prosperity can have meaning while America's defenses are laggard and deficient. In this age of nuclear war and missiles, the price of unpreparedness may be sudden death. Considering all that is at stake, let us do more in building our defenses, rather than less.

I disagree entirely with those who claim that the American economy is not strong enough to meet the threat to our security. It met the demands of total war without seriously impairing the highest standard of living the world has ever known. Can we believe that it cannot support the defense program our safety demands? To be sure, effective defense requires high taxes. I like taxes no more than the next man, but there are worse burdens. It is infinitely cheaper to preserve peace than to fight a war. We can meet all our defense requirements and still provide all our needs, although maybe not all our wants.

While we can spend whatever is necessary for defense, prudent management can provide important savings. We must learn to manage our defense program more efficiently. We should eliminate the piecemeal approach—the costly starts and stops—which disorganize production and disrupt the economy.

In military expenditures, in fact for all spending, Congress should have the services of an expert staff, similar to the one the tax committees have. This staff could make a continuing running study of budgets and spending to ensure that we get full value for every dollar spent. This is something that should have been done long ago.

Borrow Less and Tax More

But above all else, once and for all, we must relieve our defense program and our entire economy of the toll paid to inflation. Think of the planes we could have bought, the research we could have conducted, the extra benefits we could have provided our armed forces with the billions lost through inflation.

Inflation is the most important economic fact of our time — the single greatest peril to our economic health. Its most important cause has been the tremendous expenditures for war—for nonproductive goods and services—which were financed too largely through borrowing and too little through taxes.

Inflation is primarily responsible for our mountainous national debt, for our high tax rates, for our record high level of expenditures, in what is called a time of peace. It has put our price structure on stilts and whittled down the purchasing power of the dollar. As the government and our citizens stumble under its burden, continuity of confidence is broken, and a growing concern serves as an added drag on our economic activity.

We are now suffering a hangover after a long inflationary binge. As is always the case with hangovers, we have only ourselves to blame. More of the "hair of the dog" is no remedy. It only increases suffering and delays recovery.

The inflation of our time flows from the selfish struggle for special advantage among pressure groups. Each seeks tax cuts or price increases or wage raises for itself while urging the other to make the sacrifice and with little regard for the national interest.

Condemns World War II and Korean War Errors

This was true in World War II and in the Korean War. In both wars we ignored the lesson of experience which taught that the way to curb inflation and profiteering was to pay for war as nearly as possible out of taxes; to control prices, wages, profits, money and credit; and thus provide a common standard fair to all. Instead we invited inflation by controls too little and too late, and by concessions too much and too soon, to special interest groups. We mortgaged future generations by inadequate tax programs.

This was true after World War II when instead of maintaining our strength until peace was assured, we prematurely disbanded our forces and abandoned necessary tax and other economic measures. And after Korea, at the first sign of the inevitable post-inflationary readjustment, we injected a fresh dose of inflation into our system by reducing taxes.

Now that we face the painful process of readjustment again, the same recourse to inflation is being urged. The same struggle for advantage is being repeated. Each group wants to shift the burden of dislocation to someone else. Each wants special consideration, arguing that its wages or prices or profits must be kept up to avoid depression. All cry for tax reduction, deficit financing, pump priming—running to mother government to, "Do something so we won't have to pay for the mess we've made."

Nothing is more dangerous than this notion that economic salvation lies through government intercession. Government did not keep us from getting into our present condition. How can we rely upon it to get us out of it? Let us not turn always to the government for succor, but remember rather that a free government depends always upon the people for sustenance. When I hear people demanding government do this or that I wonder why those voices were so silent when inflation could have been controlled.

Government does have a responsibility and a role to perform in the present circumstances, particularly in regard to those who are victimized by unemployment. But its actions must be in harmony with sound economic principles. Government cannot repeal economic laws.

Folly to Reduce Taxes

In the face of a tremendous national debt and expenditure, it is folly to talk of tax reductions.

I am dubious about the purchasing power a tax cut will generate. The value of any conjectured purchasing power is outweighed, however, by the jeopardy in which a tax cut will place all the programs supported by taxes—from national defense to welfare assistance.

A tax cut will increase the deficit, add to the debt, and further weaken the government's credit. To reduce revenues before our defenses are secure and our debt manageable is uneconomic and immoral.

Nor is this the time to embark on vast Federal works or other pump-priming programs requiring deficit financing. If we want dams and highways and new schoolhouses and other projects we should be prepared to pay for them. Any new public works program should be placed on a self-liquidating basis in the same manner as the present highway program—that is, it should be accompanied by a tax to pay for interest and amortization.

More effective than Federal action in this sphere, I believe, would be local action. Local governments can best survey their own situations, determine the idle resources of manpower, materials and other facilities available, and balance them against the degree of need and their own budgetary requirements. Such locally conceived and sponsored works programs should also be self-supporting.

Self-help is the best help.

A nation, no less than an individual, must keep its financial house in order. Its financial strength, no less than an individual's, will determine its capacity to withstand economic adversity. The credit of the United States Government is the foundation upon which our solvency and security rest. The strained condition of our credit handicaps our efforts to cope with the recession. We must prevent any further weakening of it by tax cuts, or deficit spending, or lifting the borrowing ceiling every time the debt presses against it.

Reduce and Stretch-out Federal Debt

We are not likely to enjoy surplus revenues soon. Yet there is no greater thing Congress could do to strengthen confidence and create jobs than to adopt now a long-range fiscal program designed to reduce our national debt.

Not until the government puts its house in order will the people know how to bring order to their own affairs.

Debt management also has been made more difficult and expensive by the shortening of maturities. Now more than 80 billions, almost 30% of the debt outstanding, are on a short-term basis. I cannot understand why those in authority did not move earlier to refund the debt when the money market was easy. If private corporations could refund and borrow at rates as low as 2⅜%, why couldn't the government?

We must face, however reluctantly, the truth that government action is no nostrum for economic health. Nor is it a substitute for individual responsibility. The adjustment must be made by each of us, in our business, our job, on our farm. We must work harder—cut costs—save more.

Wage-Price-Profit Freeze

Nothing would be more effective in turning the tide than to halt the never-ending spiral of wages and prices. The best stimulant to our economy would come from price reductions. The consumer, who has no lobby or bargaining agent, is belatedly rebelling against having every wage and cost increase passed on to him. If industry and labor continue to push up wage, price and profit levels, they will price themselves out of the market. Consumer resistance will grow, further depressing economic activity and adding to unemployment. Foreign goods will enter our markets in increasing quantities with unsettling effects on our domestic economy, our tariff policies and our allies and friends.

No one wishes to see a return to cut-throat competition with its price wars and wage cuts. No one is more concerned to see labor preserve its gains than I am. But we must halt the wild, unmerry chase of prices, wages and profits.

We prefer not to compel this by legislative fiat or executive order. We rely upon individual action, self-discipline, and enlightened selfishness of labor and industrial leaders. If they cannot recognize that self interest requires concern for the national interest, then they and the nation as a whole will be made to suffer. If they will not adjust voluntarily and in time to the law of supply and demand, the adjustment eventually forced on them will be much more painful.

It would be an inspiring and salutary thing if the leaders of our great labor unions and businesses would jointly pledge to the President that for one year there will be no increase in wages or prices and that profit margins would at least be frozen.

Individual self-restraint should be exercised, too, in the area of private credit. Its excessive growth has been one of the major factors in our present difficulties and is one of the weak links in our economic chain. When individual indebtedness alone rises above 200 billion, we have reason to be concerned.

Restraining Too Liberal Credit

I have often been shocked by the lengths to which banks, merchants and advertisers go to press credit upon the consumer with which to buy things they can be persuaded to want, but do not need. The susceptibility of the American public to these blandishments troubles me. The opportunity to vacation in Florida, California or Latin America; or tour the Caribbean; or even visit the Taj Mahal for little or nothing down and a few dollars a week may not be easy to resist. But is it a proper use of credit?

In the last analysis, we face a test of character and common sense. Have we so deluded ourselves that we take seriously the Alice in Wonderland notion that the cure for indebtedness lies in more debt; and that thrift is antisocial? Or do we have sufficient economic sense—and courage—to face the facts of our situation, recognize the mistakes we have made and correct them in time, without incurring the heavier penalties which delay and evasion will exact?

In summation, let me say:

First, that this recession is the inevitable aftermath of a period of inflation that could at least have been mitigated, if not prevented;

Second, that there is no cause for alarm if we will learn from our mistakes and call a halt to the practices which are responsible for this situation;

Third, that we can restore confidence along with economic health by sound measures which include:

(A) Determining the requirements of national security and doing all that is needed to meet them.

(B) Barring new inflationary adventures. Forgoing tax reductions. Avoiding deficit spending.

(C) Strengthening the credit of government by refunding the debt on a long-term basis and planning definite amortization.

(D) Stopping the price-wage spiral and the abuse of credit.

Ours is a country of boundless natural and human resources, of scientific and technological skills that defy obstacles and frontiers. The future holds promise if only we have the wit and discipline to use them properly. And let us not complain about our surpluses of food, fibre, and metals. If we do not add to them but manage them intelligently, they will give us a reserve against any emergency of war or nature more precious than the gold of Fort Knox.

In closing I offer for meditation a thought expressed by one of the wisest Americans, Benjamin Franklin, who said—and I quote:

"The taxes are indeed very heavy, and if those laid by the government were the only ones we had to pay, we might more easily discharge them; but we have many others, and more grievous to some of us. We are taxed twice as much by our idleness, three times as much by our pride, and four times as much by our folly; and from these taxes the commissioners cannot ease or deliver us by allowing an abatement."

Calculating Tables For Mutual Funds

For brokers, dealers and their salesmen who are engaged in the distribution of mutual fund shares, there is now available a book of calculating tables.

These tables contain every price at which mutual fund shares could be offered, within a range of $1 to $100 per share. Obviously the variation between offering prices must therefor be at intervals of one cent.

The tables use $1,000 as a basic sum of money which when divided by each offering price, results in a number of shares, carried to the fourth decimal place, such sum of money will purchase.

By moving the decimal point a sufficient number of places to the left one can arrive at the number of shares $1 will purchase or by each place the decimal point is moved to the right, the number of shares and the amount of money required is multiplied by 10.

Printed by the photo offset process, the tables are bound in a paper cover with a plastic binding. The book is about 8x8 inches in size and contains some 50 pages. Instructions on how to use the tables are included.

The price: single copy $3.50; two to nine copies $3 each; 10 or more copies $2.50 each.

The publisher of this handy book is Caspar C. Schneider who has spent most of his life in Wall Street. Mr. Schneider's mail address is P. O. Box 148, Bowling Green Station, New York 4, N. Y.

Form Inv. Bankers

BETHESDA, Md. — Investment Bankers of America, Inc., has been formed with offices at 7942 Wisconsin Avenue to engage in a securities business. Officers are John G. Kelly, President and Treasurer; Conrad L. Berman, Vice-President; and Patricia C. Kelly, Secretary. Mr. Kelly was formerly with The Matthew Corp. and P. J. Gruber Co.

Lloyd Arnold Co. Adds

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Leo D. Bartelme, Jr., William N. McKean, Adolph E. Mora, LeRoy A. Owens and William J. Reigel have joined the staff of Lloyd Arnold & Company, 364 North Camden Drive. All were formerly with T. R. Peirsol & Co.

Northwest Bancorporation Preferred Stock Offering Underwritten

Northwest Bancorporation is offering its common stockholders of record March 27, 1958, rights to subscribe at par ($100 per share) for 106,430 shares of its 4.50% cumulative convertible preferred stock on the basis of one share of preferred stock for each 16 shares of common. The offer, which is being underwritten by a group of investment banking firms headed jointly by The First Boston Corp. and Blyth & Co., Inc., will expire at the close of business April 14, 1958.

The new preferred stock is convertible, on the basis of $100 per preferred share, into common stock at a conversion price of $75 per share. It is redeemable at the option of the company at prices decreasing from $105 per share, if redeemed on or prior to June 1, 1961, to $100 per share, if redeemed after June 1, 1968, plus accrued dividends; the stock is non-refundable at lower cost for five years.

Net proceeds of the sale will be added to the general funds of the corporation and will be available, together with other funds, to provide additional capital funds to affiliated banks from time to time and for other purposes. It is presently contemplated that $7,000,000 of the proceeds will be invested in the capital stocks of affiliated banks.

Northwest Bancorporation holds in the aggregate 95.9%, in net tangible asset value, of the outstanding stock of a group of 76 affiliated banks, which with 23 branches are located in a total of 86 cities and towns in Minnesota, Iowa, Nebraska, South Dakota, North Dakota, Montana and Wisconsin. The affiliated banks had combined deposits of $1,689,032,487 (before eliminating group interbank deposits of $59,654,776) and combined capital accounts of $118,559,542 at Dec. 31, 1957. The largest bank in the group is Northwestern National Bank of Minneapolis which had deposits of $450,119,072 and capital accounts of $33,130,832 at Dec. 31, 1957.

Gross operating earnings of affiliated banks for 1957 amounted to $68,258,207 and net operating earnings after related income taxes, before deducting minority interests, to $12,614,000. This compared with gross operating earnings of $61,593,189 and net operating earnings of $12,477,000 for 1956.

Among those associated with The First Boston Corporation and Blyth & Co., Inc., in the underwriting are: Piper, Jaffray & Hopwood; J. M. Dain & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith; Smith, Barney & Co.; White, Weld & Co.; Kalman & Co., Inc.; Paine, Webber, Jackson & Curtis; and Dean Witter & Co.

Investors Custodian

(Special to THE FINANCIAL CHRONICLE)

LA CANADA, Calif.—Investors Custodian Corporation has been formed with offices at 5125 Lasheart Drive to engage in a securities business. John S. Robinson is President, and Joseph Henderson Vice-President of the firm.

Continental Inv. Co.

BROOKLYN, N. Y. — Nelson Axelrod is engaging in a securities business from offices at 10 Ocean Parkway under the firm name of Continental Investment Co.

Forms Pansiatic Secs.

HOBOKEN, N. J.—Albert Engleman is engaging in a securities business from offices at 215 Hudson Street under the firm name of Pansiatic Securities.

Continued from first page

As We See It

situation would not be particularly different if the challenge had been issued by a small group of men in complete control under the leadership of one man such as Mr. Khrushchev instead of by a single individual who has taken it upon himself to run the show alone.

Can We Shrug It Off?

Many are inclined to shrug off this challenge by the world's most powerful dictator. If it were really a race between state capitalism—for that is what the Russian system is — and private capitalism operating under the type of *laissez-faire* that is in the true American tradition, we should certainly ourselves not take the boast of the Kremlin leader very seriously. In that vast region now embraced in the Soviet Union and giving residence to upwards of 200 million people, a single man must make all the decisions of major import. It is his prerogative to say how much of the resources and manpower of the nation is to be devoted to this, that and the other type or class of endeavor, and at least in a general way how operations are to be conducted. Whether decisions are in the interest of abundant production of the right things rests and must rest upon the wisdom of one lone individual and his immediate advisers.

This is true not only of the allocation of resources and manpower as between arms and civilian products, but also as between the application of such resources to the production of things people want and the investment of materials and labor in plant. It is likewise the way that the division of effort is made as between the many various kinds of producers and consumers goods. It is true, of course, that this same Mr. Khrushchev has been insisting upon a very considerable decentralization in the management of various state undertakings—which in Russia constitute just about everything in the land. This decentralization is, however, plainly confined to details of management and operations, and is much less thoroughgoing, we may be sure, than corresponding policies and practices in our own private capitalism. These tasks that Mr. Khrushchev has taken upon himself are too great for any man or any group of men. We do not believe that such a system can hope to compete in ultimate results with a really free private capitalism.

But there is a good deal more in the matter than is thus indicated. Not only must the wisdom of decisions depend upon one man, or a very small group of men, but incentives for the individual who must do the work involved in all this simply can not exist in a system such as that obtaining in Russia—not in any degree comparable to those normally to be found as an integral part of any system of free private capitalism. It is all very well for the supreme power in the Kremlin to talk about local autonomy or decentralization, but who supposes for a moment that it will not be required that the "ideology" of Marx and Lenin be embodied in all that is done? Who can doubt that the rewards throughout all industry will go to those who prove their party loyalty and their political dependability? Whatever else may be said of it, this is not the way to get maximum effort or maximum production from men and women.

Lest We Forget

But before we dismiss this challenge of the Kremlin as fantastic, let us remind ourselves that in important respects we no longer have a fully free and unfettered private capitalism in this country. Even as things now stand we, for our part, have little doubt about our ability to meet such a challenge from the head of the Russian state. We shall, however, not do nearly as well as we could were we still following the American tradition faithfully throughout the land, and what assurance have we that the "ideology" that Franklin Roosevelt bequeathed us, will not lead farther and farther from the straight and narrow path laid out by our forefathers?

We have certainly gone far enough astray already in many directions. Is the proportion of our material and human resources devoted to agriculture and its production now determined by the natural forces reflecting themselves through the markets? To ask such a question is to answer it. What about the financial rewards which were available to the industrial giants of a generation or two ago? Obviously, they no longer are available in anything like comparable degree. What is there left to persuade vigorous, imaginative men and women to pioneer in the way that Mr. Rockefeller, Mr. Ford, and hundreds of others did a half a century or a little more ago? Who decides whether and in what degree private funds will flow through the hands of the ablest and wisest into the various industries, old and new? One needs only to consider the activities of the Securities and Exchange Commission, the Federal Trade Commission, the Federal Communications Commission, the Interstate Commerce Commission, the Tariff Commission, the Federal Power Commission, and many others now functioning in Washington —to say nothing of our tax laws—to find an answer to such questions.

The vigorous recrudescence of New Deal notions since the current recession set in—if indeed there had ever been much of a decline in their hold upon us—makes it difficult to avoid a certain feeling of uneasiness about our own competitive position. Here is a long-term danger much more serious than any that might grow out of what the Kremlin could make of a depression in this country.

Join Malibu Inv.

(Special to THE FINANCIAL CHRONICLE)

MALIBU BEACH, Calif. — Eugene Durand, Ruth Fryling, Donald A. MacFadyen, Marian MacFadyen and William J. MacFadyen have joined the staff of Malibu Investment Corporation, 23656 Pacific Coast Highway. Mr. Durand was formerly with Shearson, Hammill & Co.

Peters, Writer Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Wilford L. Buxton, Harold J. Meyers and Gordon T. Speckman are now associated with Peters, Writer & Christensen, Inc., 724 17th Street. Mr. Buxton was formerly with Cruttenden, Podesta & Co.

ANNUAL REPORT HIGHLIGHTS

	1957	1956	1955
OPERATING REVENUES...	$80,698,657	$63,691,113	$44,911,368
EQUITY CAPITAL........	$26,322,511	$20,814,580	$13,696,416
NET INCOME BEFORE TAX	$ 7,732,725	$ 6,146,862	$ 4,677,447
Ratio to operating revenues....	9.6%	9.7%	10.4%
Ratio to equity capital........	29.4%	29.5%	34.2%
NET INCOME AFTER TAX..	$ 5,696,725	$ 4,781,862	$ 3,096,735
Ratio to operating revenues....	7.1%	7.5%	6.9%
Ratio to equity capital........	21.6%	23.0%	22.6%
NUMBER OF SHARES OUTSTANDING.........	1,976,930*	1,819,925*	1,670,793
EARNINGS PER SHARE...	$2.88*	$2.63*	$1.85
CASH DIVIDENDS.......	$1.10	$1.00	$ .90
STOCK DIVIDEND........	5%	5%	—
PASSENGER CARS OWNED AT YEAR-END...	20,303	14,949	10,054
TRUCKS OWNED AT YEAR-END...	14,070	13,138	10,969
TOTAL VEHICLES OWNED AT YEAR-END...	34,373	28,087	21,023

*Before giving effect to year-end stock dividends.

Continued from page 17

Prospects for Coal In the Coming Year

be taken. The most likely figure for 1970 is in the neighborhood of 300 million tons, or an increase over current utility consumption of 90.6%. When this is contrasted with an estimated population growth of 18.6%, the tremendous strides in electric power and light consumption expected in the decade of the sixties become obvious.

Though statistics are useful and necessary to any realistic analysis of past and estimate of future trends, they can be misleading as well as boring. Those which I have used this far are intended to point out the long-run basic soundness of our economy and particularly those aspects of it which are of most interest to those who produce and distribute bituminous coal. We have seen our production fluctuate widely over the years. Our industry barometer has ranged from deep pessimism to restrained optimism. We are constantly watching and are deeply concerned over the inroads of natural gas and oil and are now wondering as to the possible impact of nuclear power on sales to our largest customer, the electric power industry. All resource industries, such as ours, in a highly competitive market where non-replaceable reserves are involved, are anxiously projecting trends into the next decade or longer.

Nuclear Fuel Outlook

Coal markets are now highly competitive with natural gas and oil, and in the not too distant future nuclear power may offer some competition in areas where cost of use of conventional fuels tends to be relatively high, according to some government and industry authorities. Suppose we examine the probable nature and extent of the nuclear fuel market in the period from 1960 to 1970. Less than six months ago a special Congressional subcommittee, interested in coal research, assembled all of the estimates available by experts in nuclear power as to the installed capacity to be expected for nuclear power in the 1960-1980 period. The range of these estimates is surprisingly small through 1970, but becomes considerably greater later on. Expressed in millions of electric kilowatts, the five-year periods are listed in Table III.

There is fairly general agreement as to the picture in 1960 and 1965. Five of the six experts estimated exactly .8 for 1960, with three out of five giving 4.0 as their best estimate for 1965. However, useful and usable information on nuclear power varies greatly in conclusions. In many areas the experts differ widely. One is tempted to conclude that as long as the nuclear field is of quasi-public interest and support all or almost all cost data are suspect.

The next ten years should show little competition to coal from nuclear power. The governmental report on coal research just referred to, when compared with recent estimates made by the McGraw-Hill Department of Economics, indicates that at least through 1970 the impact of nuclear power upon the coal industry should be quite small. By 1970 nuclear electric-generating capability is expected by some experts to reach 12.3 million kilowatts, or 3.8% of the electric industry's total of 320 million kilowatts. Based on estimated kilowatt-hours, nuclear power is expected to furnish 55.4 billion out of 1,451 billion. Assuming .85 pounds of coal per kilowatt-hour, it is estimated that some 23 million tons of coal will therefore be displaced by 1970.

TABLE III

	High	Low	Average
1960	5.0	0.8	1.5
1965	4.5	3.0	3.9
1970	27.0	9.0	15.3
1975	88.9	20.0	57.0
1980	227.0	42.0	128.2

Better Position of Coal

While nuclear energy will eventually have some impact on all fuels which are competitive in the energy market, coal's ability to meet this competition is probably stronger than is true in the case of either gas or oil. There are two reasons for this. First, coal reserves generally are larger than in the instance of other fuels. The coal research study to which reference previously has been made presents statistics to show that of the total estimated recoverable fossil-fuel reserves of the United States, coal accounts for 84%, oil from oil shale 12%, and petroleum and natural gas 2% each.

Recognition of the disparity in fuel reserves is made in a recent paper of Mr. Marling J. Ankeny, Director, Bureau of Mines, U. S. Department of the Interior. He says:

"In view of this statement as to the probable decreasing availability of petroleum and natural gas to meet the increasing, or even the present needs for power generation, I should like to repeat the statement made at the conclusion of the discussion on coal. '. . . it is apparent that adequate coal reserves are readily available to meet the anticipated growing needs of the electric power industry and all other demands during the next twenty to twenty-five years.' We may look forward to a shift from the petroleum and natural gas that now contribute about 30% of the fuel for electric generation to increased use of coal, but there will be adequate supplies of this latter fuel and they should be available at prices approximating those of today. The role of nuclear energy in supplying part of this demand for power will depend on economic considerations and on advances in the technology of power production from this source. Petroleum and natural gas will be used for the purposes for which they are more singularly suited and less for purposes that can be supplied by coal."

A second and perhaps more potent reason why coal's future looks bright is the increasing efficiency of coal used in the production of electricity. Currently it takes an average of 0.94 pounds of coal to generate one kilowatt-hour of electricity for the nation's power companies. This figure is expected to fall with the introduction of newer and more efficient electric power capacity. The coal research report tells of the newest electric-power generating unit, said to be the most efficient ever built, which requires only 0.64 pounds of coal to produce one kilowatt of electricity. The report adds that this represents a little more than half the amount of coal required to generate the same amount of electricity in 1950.

There is little doubt that unless there is very heavy subsidization of nuclear power in the relatively near future, on a pure cost basis coal will be competitive well beyond 1970. This, of course, does not mean that coal will be able to compete in all areas. It does mean that the industry as a whole will be competitive costwise with nuclear energy.

A recent careful analysis of the cost of producing energy in conventional fuel plants and in nuclear installations, released by the National Industrial Conference Board, shows the following:

For small power plants, that is, those with a capacity under 50 MW, in 1960 the cost of nuclear power will be about 18 mills per kilowatt-hour, while coal-burning plants of this size will range, according to age and efficiency, from 16 mills to 4 mills, with 64.3% of the number of plants having costs of 10 mills and under. For the same year, larger plants, all of 50 MW or more, show an equally strong story for coal. Nuclear costs are estimated at 13 mills per kilowatt-hour with no steam plant over 8 mills, and 93.3% of 6 mills or less.

As to 1980, small nuclear plants will produce at around 10 mills per kilowatt-hour, while small conventional plants will again range from 16 mills to 4 mills. The spread is a little wider in the upper cost ranges, but the general picture is still about the same, with 62.8% in the 10-mills-and-under bracket. With regard to larger plants, nuclear production is estimated at 6 mills and conventional at not over 8 mills. However, even in 1980, 90.2% of the plants could match the 6 mills or do appreciably better.

No Threat to Coal

It is fair to say that nuclear power poses no great threat to coal, even in 1980, if these cost figures are to be relied upon. True, 1980 calls for an exceedingly careful look at the crystal ball. The men who should know, nuclear scientists, economists and engineers, feel that although nuclear power may eventually lead to substantial displacements of conventional fuels, such a development is many years or even decades away.

Conclusions reached by nuclear power experts concerning the future of this form of energy can best be represented by the following extracts from a paper recently published in the field of competitive power. After an exhaustive study of the subject, the author concludes that:

"The market for high cost nuclear power in North America (and in the United States) in the 1960-1970 period is the most unattractive market in the world.

"The potential nuclear power market in the developed areas of the world outside North America completely overshadows the potential market in underdeveloped areas in the years ahead, at all cost levels.

"The market for nuclear power in North America in the 1960-1970 period does not begin to look attractive until nuclear power costs can be pushed down into the 6-to-9-mill kwh range . . . The size of the United States market for nuclear power generated at costs in excess of 10 mills/kwh is less than 2% of total United States generation in 1970."

Expanding Electric Market

The electric utility market for bituminous coal for the next decade and even beyond should expand and not contract. A factor which must be given strong consideration is that ever since the close of the war, and certainly no change is to be anticipated in the years ahead, American businessmen in the "derived demand" industries have been doing all in their power to cut costs. Such industries as electric power and steel are profitable or suffer losses to the extent that their customers make money in selling their own wares. These "derived demand" industries, and coal is among them, must carefully control their costs and reduce these at every possible opportunity. The moves of electric companies to locate where transportation costs of coal can be minimized is a symptom of the entire national business fraternity's efforts to keep cost increases within the limits of decreasing price margins. The bituminous coal industry must take every step possible to reduce its costs of operation.

Unfortunately in a major cost category, that of transportation rates, the increasing freight rates requested by the railroads, and granted in large part by the Commission in the last two years, have at least partly negated the cost economies effected by the industry. This situation cannot continue indefinitely. Much railroad coal traffic business has already been diverted to trucks or waterways. The fact that the heavy coal roads, such as the Pocahontas carriers, are excellent money makers has not prevented the Commission from bailing out the big eastern roads which have a large coal traffic, in the absolute, if not the relative, sense.

Finally, markets for coal other than those discussed must be considered in any view of the next decade and beyond. Some feel that the railroad market will have to be written off as largely lost. The rail carriers are almost completely dieselized, a development of some 10 years of transition. There is a remote possibility that railroad electrification may be revived and thus through the electric industry give additional business to coal. However, a considerably better prospect lies in the experiments being conducted by the Locomotive Development Committee through BCR to develop a coal-fired turbine to replace the diesel unit on the same chassis. This has been thoroughly tested on a stand and will be much less costly to operate than the diesel. In the face of increasingly keen competition from the airlines and the motor carriers, it is, of course, quite possible that the total railroad requirement for motive power may decrease considerably in the years ahead.

Another coal market which is sagging is the retail market. An interesting aspect of this market is that we know so little about its size and nature. Some light may be thrown on this when the Bureau of Mines commences to analyze its recent questionnaires on bituminous coal distribution in 1957. There is much evidence which indicates that this market is shrinking, but BCI data and those from other industry sources may soon be available to show the nature and extent of this market.

"Other industrials", using the same classification used by the Bureau of Mines, still offers a substantial market for coal and one which is holding up fairly well. Here again, we know relatively little about this "catch-all" category except that it covers a large number of industries, many of which are good coal customers. Few important industries in this country know so little about their markets as coal. Oil and gas producers, for example, are much better informed.

Coal Exports

The export market for coal is an uncertain one. Yet in spite of its fluctuations and its dependence upon both political and economic factors, it has proven a major market for American coal. In 1957, for example, it drained off nearly 12% of our total bituminous coal production. There is in this case also a need for a thorough analysis of the market—a market which, in many respects, is subject to non-economic influences. Yet most of the underlying influences are economic. A falling off in the export market, unless matched by a production cutback can easily lead to marketing developments in the United States which are far from healthy for the industry. The European potential market for American coal is large enough to merit careful investigation.

In connection with the promotion of America's coal markets shall it be said that in research our industry will continue to play a poor third to natural gas and oil and be far under in the sums being spent to promote nuclear energy? To the last, for example, is being devoted several hundred times the $1.25 million estimated for coal.

All of the basic factors and relationships which make possible the continued growth and economic health of the bituminous coal industry are present. To secure maximum usefulness of these to support a sound coal economy, three steps must be recognized and taken. These are:

(1) Development of organized and accurate knowledge about our industry and its competition. There is much more statistical information available on the technical than the economic aspects of the industry.

(2) Careful analysis of each of the markets for coal, with attention to our losing markets as well as our major growing ones.

(3) Examination of the possible impact on coal of future potential competitive energy sources, such as nuclear power.

All indications are that the coal industry will have at least ten years to solidify its gains and to prepare for the nuclear power age. These years must not be wasted. Preparation will require the best engineering, marketing and economic skills which can be marshalled. If these are made available, we should get our fair share of future growth in the economy.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co., as manager of an underwriting group on March 28 offered $7,695,000 of Louisville & Nashville RR. 3⅞% equipment trust certificates, series S, maturing $513,000 annually April 15, 1959 to 1973, inclusive.

The certificates were priced to yield from 2% to 3.65%, according to maturity. Issuance and sale of the certificates are subject to authorization of the Interstate Commerce Commission.

The issue is to be secured by 1,100 all-steel gondola cars estimated to cost $9,625,077.

Participating in the offering are: Dick & Merle-Smith; R. W. Pressprich & Co.; Baxter & Co.; Freeman & Co.; Ira Haupt & Co.; McMaster Hutchinson & Co.; Wm. E. Pollock & Co., Inc.; and Shearson, Hammill & Co.

Talbots Join W. E. Hutton

BURLINGTON, Vt.— Mr. and Mrs. Edward A. Talbot, part-time Vermonters for over 20 years, will become permanent residents of the state this week when they join the Burlington office of W. E. Hutton & Co., 210 College Street, as registered investment representatives.

This was announced by Edwin H. Blakely, Burlington Branch manager of W. E. Hutton & Co.

Before their move to Vermont, Mr. Talbot was for several years a partner of the New York Stock Exchange firm of Edwards & Hanly.

Mrs. Talbot worked with her husband at Edwards & Hanly as a registered representative. With W. E. Hutton's Burlington branch, she will continue to be one of the nation's relatively few women ever to be a registered representative of a stock exchange member company.

Edwin A. Merrill

Edwin A. Merrill, limited partner in Paine, Webber, Jackson & Curtis, passed away March 24.

Charles S. Pettengill

Charles S. Pettengill, of Coffin & Burr, Incorporated, passed away March 22.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

A prime argument that many investors have used as a reason—or, should we say, excuse—for avoiding the New York City bank stocks for investment purchase has been that operating costs were mounting against them sufficiently to make them unattractive. The banks have had rising costs of doing business, as have all lines of industry, but like other industries, they have been pretty much able to control them and have come out of the inflation period with costs relatively well in hand, and with decidedly better profit margins.

And, pricewise, during the current recession in business activity, the banks have given a satisfactory account of themselves. Indeed, they constitute one of the groups to which investment money has gravitated as a comparatively safe haven, and justifiably.

The accompanying tabulation shows, first, for the years 1955, 1956 and 1957, the carry-down from gross income to net before income taxes for the customary group of the New York banks; and, secondly, the 1956 and 1957 amounts of interest paid out, which constitutes one of the important cost deductions from gross income to arrive at the bank's profits.

	Percent of Gross Income Carried Down to Net Before Income Taxes			Interest Payments (000's Omitted)	
Bankers Trust	47%	46%	47%	$2,751	$3,710
Bank of New York	44	49	48	*	*
Chase Manhattan	45	46	47	17,656	24,152
Chemical Corn	40	43	45	3,952	5,440
Empire Trust	47	46	45	*	*
First National City	†49	46	48	19,996	25,391
Guaranty Trust	64	65	66	2,833	3,705
Hanover Bank	52	54	54	2,472	2,568
Irving Trust	49	48	47	4,200	5,503
Manufacturers Trust	36	36	38	9,978	13,163
J. P. Morgan & Co.	47	50	51	2,333	2,822
New York Trust	54	55	54	*	*
United States Trust	49	48	47	*	*

*Not stated in annual report. †Includes City Bank Farmers Trust Co.

Seven of these banks showed a higher proportion of gross income working down to net before taxes. Two showed no change percentagewise in 1957 over 1955; four showed a lesser proportion filtering down to net.

It is to be noted that the large chain, or branch, systems not only have larger interest costs, but also reported, generally speaking, the larger increases of interest payments from 1956 to 1957. The branch system banks vigorously campaigned for thrift, or savings, deposits, and on these they are in competition with the savings banks and savings and loan institutions.

But these funds had the advantage of supplying loanable money. The tabulation brings out the fact that costs of doing business were, on average, not in a mounting trend in relation to gross income, and this despite the fact that the interest load had become disproportionately heavy for most of the banks. As the labor factor is a relatively big one in the banking business, the banks, in order to combat it, turned to an important extent toward mechanization of their operations. Who, receiving dividend checks, for example, has not noted that so many of them go through the punch-card machines. Here, of course, the initial costs are high, but the long-term savings in costs of operation are also substantial.

One factor that has tended to keep labor costs of the banks from mounting too rapidly is the absence of labor unions in the industry. It is probable that if the banks were unionized costs would be somewhat greater.

First Quarter Forecast

Bank earnings for the 1958 first quarter appear to be headed about 5% to 8% higher than in the 1957 period. The effects of the recent reduction in prime loan interest rates was, of course, not felt at once when reductions were made; and it may well be as late as next July when the full effect is evident in its impact on earnings. But not all interest rates necessarily give way when prime rates do. Mortgage rates, for example, tend to change but little, as do business rates for small loan accounts. Another item that will tend to keep bank profits up is profits on securities, although this is a capital entry and not an operating one.

One more thing is dividend payments. These in 1957 were well in excess of the 1956 total for the same group of stocks. Not only that, but the low pay-out ratios may be said either to give a decided measure of insurance for the current rates, or, in a few instances reason for increases.

It still appears to be too early to sell the bank shares short!

Kuhn, Loeb Group Underwrite General Am. Tr. Corp. Offer

An underwriting group managed by Kuhn, Loeb & Co. yesterday (April 2) offered to the public $20,000,000 of General American Transportation Corp. 4⅛% equipment trust certificates due April 1, 1978, priced at par and accrued dividends.

The certificates will be secured by over 2,000 railroad freight cars, mostly tank cars, costing over $22,000,000 and built by General American Transportation Corp.

A sinking fund providing for the annual redemption, at par and accrued dividends, of $1,000,000 principal amount of certificates will retire the entire issue by maturity. The certificates are non-redeemable except for sinking fund purposes.

Net proceeds from the sale of the certificates will be used toward reimbursing the treasury of the corporation for the cost of such cars, approximately $21,000,000 of which had been expended as of Dec. 31, 1957.

Fixed charges of the company during 1957 were earned 6.02 times. Gross income and net earnings for the year were the largest on record, amounting respectively to $222,713,887 and $15,745,456, compared with $196,686,391 and $13,591,382 in 1956.

The principal activity of General American Transportation is the supplying of freight cars to railroads and shippers, the company owning and maintaining for this purpose the largest privately-owned fleet of freight cars in the United States. The company manufactures cars for its own fleet and for sale to others. It also owns and operates the largest single aggregation of public tank storage terminal facilities in this country and in addition furnishes to industry a diversified line of products and services.

P. A. Callahan With Halle & Stieglitz

Halle & Stieglitz, 52 Wall Street, New York City, members of the New York Stock Exchange, announced that Paul A. Callahan is now associated with the firm in the syndicate department. Mr. Callahan formerly was in the corporate bond trading department of Union Securities Corp. and more recently with the underwriting department of McDonnell & Co.

With J. M. Dain

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Edward C. Danielson has become associated with J. M. Dain & Company, Incorporated, 110 South Sixth Street. He was formerly with John G. Kinnard & Co.

Coast Exchange Now Operates Own Tickers

Frank E. Naley, Chairman of the Board of Pacific Coast Stock Exchange, has announced that the operation of the Exchange's ticker system has been taken over from Western Union, which procedure is similar to that of the New York Stock Exchange. Mr. Naley said: "In operating our own ticker system the Exchange can set rates for service anywhere in California substantially less than the mileage rates previously in effect. As a result we expect to install many additional tickers in cities throughout California, which will give the investing public outside the metropolitan areas the opportunity to keep in touch with market conditions and in addition afford them an immediate report on transactions which they have effected on the Pacific Coast Stock Exchange. We hope our ticker service may be extended to other Western states in the near future. This expanded service is extremely important when news releases affecting security prices are made after the close of Eastern Exchanges, since the Pacific Coast Stock Exchange is the only major Exchange in the Nation open between 12:30 and 2:30 p.m. (California time) each day."

Railroad Securities

Reading Company

Earnings of Reading Company last year held up well even with an accounting change which reduced net income more than normally. For 1957 net income amounted to $5.36 a common share as compared with $6.65 a share in 1956 and $5.79 a share in 1955.

It is interesting to note the company in its annual report stated that in order more accurately to show current financial results, several changes were made in their method of accounting in 1957. The principal change was to charge net income with current uncollectible advances to the Pennsylvania - Reading Seashore Lines. Prior to 1957, these advances were charged to profit and loss and, therefore, were not reflected in net income. "Other Deductions" included advances of $1,701,000 to Pennsylvania-Reading Seashore Lines during 1957. Similar advances of $1,600,000 in 1956 were charged to profit and loss.

Like the majority of the carriers in its territory, Reading earnings in the first quarter of this year probably will be down sharply from a year ago. This is because of the drop in steel operations and general business activity with the resultant decline in the shipment of coal. Currently, in view of the rate of steel operations, it does not seem likely there will be an increase in the shipments of coal in the immediate future.

However, Reading is in excellent financial shape. As of Jan. 31, 1958, cash aggregated $5,007,950; temporary cash investments, $8,326,531; and special deposits, $1,504,661. This compares with cash of $9,507,979; temporary cash investments of $12,770,075; and special deposits of $980,665 at the end of Jan. 31, 1957. Net current assets at the latest date amounted to $11,357,108 as compared with a total of $11,619,744 a year earlier.

Last year a larger volume of business was handled at the road's Tidewater Terminals. During the year 1957, 1,210 vessels were handled at the company's facilities at Port Richmond and at piers at Willow and Noble Streets. This did not quite equal the all-time record of 1,287 vessels handled in 1956. Tonnage figures for most commodities showed a decline last year from 1956 with the exception of ore which was the highest on record. Improvements were made during the year to the covered piers handling general merchandise. As a result of these improvements, revenue from the freight handled at these piers has increased 39%.

The operating costs of the road continue to increase in line with the experience of the other major railroads. The total cost of transportation last year was more than $109 million, an increase of more than $3 million over 1956. The operating ratio which had been 77.87% earlier in the year, as compared with 75.59% in the like period of 1956, rose to 79.97% for the entire year of 1957. The 10-year average ratio was 78.71%.

Continued from page 11

The Appliance Industry

vested $150,000 for the express purpose of finding the depth and breadth of our market. It was the most extensive study ever done in the appliance-TV field, embracing interviews with some 10,000 homemakers and some 18 months of study by experts to interpret their findings. This job yielded 19 volumes of material that's the Bible now in our consumer products divisional offices.

On the basis of it, we invested $16 million restyling major appliances; we have reorganized our marketing organization nationally, instituted a broad refranchising program to strengthen our dealer structure, and launched two tremendous advertising - promotion programs — the "Watch Westinghouse" project and the "Shape of Tomorrow" campaign.

The survey supports three points:

First, surprising as it may seem, the appliance-television industry provides a steadier, more stable market than the automobile industry. It lacks entirely the ups and downs so common to Detroit, with its peaks and valleys created by model changeovers.

Second, it's a tremendous market—98% of all households having at least one major appliance; 35% of them having bought at least one major appliance in the 18 months immediately preceding the survey; and 29% planning to buy within a year.

Finally, it's a dynamic market —made up in part of highly saturated, standard items such as the refrigerator and clothes washer and in part of new products that have scarcely started to get off the ground. As an indication of promise in the latter, eight out of 10 refrigerator-freezer combinations in use were purchased in the few months preceding the survey, and those who bought them accounted roughly for one-third of all dryers, room air conditioners, dishwashers, and washer-dryer combinations in use.

Also of importance to you, I would call your attention to the fact that appliance financing need no longer be confined to the single free-standing appliance or television receiver. Now it can include any number of built-ins—up to and including a complete custom kitchen whose cost can run anywhere from $2,500 to $25,000.

The question is: Do you want a larger portion of this business than you are getting now? What can you do more fully to share this promising field of business opportunity?

As a preliminary to what I am going to say on this subject, let me tell you: I'm a newcomer to the appliance-television industry. So, as general manager of consumer products group and as director of our finance company, Westinghouse Credit Corporation, I studied this instalment credit question carefully. But I do not live with it every day as you and your colleagues do. So, when I was asked to speak here today, I counselled with some of our men who do—with our sales executives in the field, regional managers of Westinghouse appliance sales and factory field sales. With their help, I conducted what you might well call a grass-roots survey of the situation.

As a result, I am inclined to say this: First, the answer that you sought of me can come better from one of your own — or more specifically from a committee set up by you to explore the subject and report back in your own language.

The financing of our product from factory to consumer is so important to all manufacturers that I can assure you they'll all aid any effort you might make to become more effective in this field. But candidly, the more I thought about this talk here today —studied the ideas that I wanted to present—the clearer it became to me that it isn't for a manufacturer to stand up in front of a group of specialists in finance—such as you—and tell you how to operate.

Yet, in properly treating the subject that you assigned me, I feel I should say that the promise in the appliance-television financing field warrants most careful, objective study on your part — possibly the assembly of success stories by banks of various sizes in various sections of the country.

Second, to all practical intents, you, as banker-lenders, are right back where you — and others — came in 20 or more years ago. You are face to face with a tremendous loan potential, as you were then; but field reports seem to agree that few of you—other than the more aggressive among you in the larger cities—are doing much about cashing in. This is especially true of those who come from the smaller towns — those who serve smaller dealers.

Now we might turn to the question that Mr. Asterita put so explicitly: How can you help in the financing of both wholesale and retail commitments in the appliance and television industries?

Summarizing quickly and briefly—and without going into technicalities—I'd say the answer lies in doing three things:

First, by understanding the importance of sales financing to this industry and to the national economy—by seeing where and how a dependable program of financing dealer and consumer purchases fits into every manufacturer's plans. There's a widespread feeling, as you know, that business recovery will be sparked by a rise in consumer willingness to make a purchase on credit.

Manufacturers, dealers, and utilities—all groups concerned with the industry—are engaged upon costly and extensive advertising and promotional programs designed to sell the attractions of "electric living." But a sound finance program, utilizing instalment credit in such a way as to make such purchases attractive and easy, is an essential part of any effective marketing program to get consumer durables rolling in volume again.

Second, by taking a new look at the sales financing potentials of your areas. If you are alert to opportunities on one hand and the competition that manufacturers' finance firms provide on the other, you can carve yourselves out a program of action to command as much of the business as you want.

In this connection, I might remark that many banks in many areas—especially large aggressive banks in metropolitan sections—are doing an excellent job for themselves, for consumers, for dealers, and for manufacturers. In some of these areas, these bank operations are besting manufacturers' finance firms—getting the bulk of the business. But this bank effort seems weakest where it is most needed—that is, in the small town and rural areas, where it is uneconomic for manufacturers' firms to operate. If your Association has a committee that concerns itself with the problems and opportunities of country banks, I would unhesitatingly recommend this area as one worthy of its specific study during the upcoming year.

Within this room now, you have the experience and the knowledge required to put bankers effectively and successfully in appliance financing.

Third, by learning how marketers use sales financing at both wholesale and retail levels—and the psychology that precedes success here.

What you need to do is to realize that finance today is one of the most effective sales tools that a marketing executive has at his command to move merchandise. Think in terms of making your finance plan a real "credit lure," a part of a manufacturer's finance program for your area.

The important thing to remember is that you can't "blow hot and cold" on appliance-television finance, operate on an "in and out basis," with a new policy for every turn of the economic cycle—and expect to be successful.

The secret of success in appliance financing—success for all concerned: lender, consumer, dealer, and manufacturer—is having the right amount of money available at the right time in the right place to lubricate the opportunity at hand, whether that be the sale of a dishwasher to a new bride or a floor display of new products to an old-time dealer.

It was primarily because manufacturers, their distributors, and their dealers couldn't depend upon outside lenders that other finance firms came into existence in the first place. They prosper now only because, by and large, they are more sensitive to dealer requirements than banks and other types of finance firms.

They think in terms of product sale.

Sales financing in the appliance industry is an evolving thing. Its position and its techniques have been changing since that day, so long ago, when appliances first came on the American scene; and I have no doubt that now, in some bank or in some sales finance company office this morning, some bright young fellow is devising a new and useful technique that will help to move product.

Back in the late Twenties and early Thirties, distribution was handled in large measure by well capitalized firms who acted in the dual role of distributor-dealer. These firms were competent to finance their own inventory and retail purchase of the few consumers who more than two generations ago had caught a glimpse of the comfort in electrical living. Most of them established downtown showrooms to capitalize the growing interest in their wares. In fact, an industry adage of the day was "Up goes the wallpaper—down go the profits."

Neither was sales financing a problem in the next era.

Utilities early caught the load-building potential in appliances and were quick to merchandise them aggressively. About the same time, department and furniture stores with excellent sales organizations got into the act.

The credit resources of all three groups were more than adequate to the very limited demands that appliances made upon them—and with a 40% profit margin, they had plenty of room to move realistically. Not only were all well able to handle customer demands, but they could easily bundle up 50 or 100 notes and discount them at the bank. In fact, those that began to follow this procedure were soon making a handsome profit out of financing; they got money at 5 or 6%—rented it out to their customers at 12% or so.

By this time, the sales pattern was broadening. Production was being stepped up, and volume movement was required.

Sales ability was at a premium —and the industry found that the "whizz-bang" salesman that they needed often didn't have the money to finance the volume of business that their skill could bring in.

At that point, the need for instalment credit financing—in both wholesale and retail fields—was recognized; and it's become sharper and more insistent ever since.

Incidentally, when people talk or think about sales financing in this industry, they usually have in mind the financing of a dealer's stock or a consumer purchase. But, just in passing, I would suggest that the substantial banks of the country might look upon manufacturers' appliance finance companies—as well as their parent corporations—as exceptionally fine prospects for bank accounts, and as potential customers for substantial loans at good profit.

Two characteristics displayed by most folks toward our product provide your major opportunity in the field of appliance and television financing. First of all, folks like to see what they're going to buy—visualize, as well as they can, what the product will look like in their kitchen or living room; and they generally want it installed just about as soon as they've made their selection. In other words, every dealer—to do business—has got to have a reasonably complete line of merchandise on his floor, as well as a reasonably well stocked inventory.

Financing requirements to support a dealer with even modest volume are substantial. For example, to display a representative stock of most products that he will require calls for an investment of around $11,000. And, to make any money, he should achieve a turnover four or five times a year. To support this movement, $45,000 is needed for floor planning and, if 65% of his retail sales are on the time basis, another $46,000 to carry his instalment sales. That all adds up to an opportunity for $102,000 of financing.

Hence the need for financing, on a sound basis, and the many techniques and changing organizations that have been used to provide it down through the years —the popularity and success of such captive firms as GMAC, GEEC, Redisco, and now Westinghouse Credit Corporation.

Westinghouse experience in meeting this challenge, I think, is typical. After the business had developed to the point where outside financing was essential, we, or our dealers, used local banks or commercial finance firms of the day. Then after the war—when the country's tremendously increased productive capacity made more intensive sales work essential—we established a retail finance bureau to work with dealers and banks around the country. This in turn led to the establishment of our equity plan, with which—at one time—thousands of banks were associated, and many still are. Today, we have the Westinghouse Credit Corporation to supplement these banking arrangements.

We were literally forced to set up the Credit Corporation—and the reasons may provide a clue to your opportunity. Looking back now, distributor salesmen call the years before it "the frustration era"—they lost so much business because credit resources were so undependable. Sometimes they'd take an order well within the line of credit that they themselves had set up for a dealer—only to have it canceled out when the bank reported his credit entirely committed to a competitor's line. Or one product would come along with a sales campaign—only to disclose a dealer's credit exhausted by lines sent to market earlier. But more important than anything else, when we sought to effect a national program, we had to check out the financial side with thousands and thousands of banks before we could move.

A finance company of our own has changed all that. Now we know—and so does his distributor —just where a dealer stands, creditwise. When a product comes up with a new sales campaign, our finance corporation fashions a finance program to go with it, correlating it, effectively, with the credit commitments already made. Moreover, when we launch a sales program nationally, we can, almost overnight, effect the finance program to accompany it.

Dealers like results, too. Some are doing 25 to 30% more business than they did in pre-WCC days, and our "add-on" program is so effective that in many cases it gives them 28 to 35% more business of this type than they had.

No less important—in fact, an essential to moving merchandise off dealers' floors—is a satisfactory outlet for consumer credit paper. Here again, you will find a field worthy of attention. I would direct your attention particularly to two points of study: first, while safeguarding your money, how you can be less selective, more generous one might say, in passing on consumer applications; and second, how you can operate with less reserve demand on dealers?

In conclusion, then, I would say: For the sake of this country's economy—of keeping it rolling in high, with full employment; for the sake of helping to raise American living standards; for the sake of profit for your stockholders, I urge you to re-assay consumer durables' instalment credit potentials and, on the basis of your findings, chart a course for banks, nationwide.

To Honor G. B. Moran At UJA Luncheon

George B. Moran, Vice-President of the Hanover Bank, will be honored at the annual luncheon of the Factors and Finance Division of the United Jewish Appeal on Monday, May 5, at 12 noon at the Hotel Vanderbilt.

Frederick Klein, of Fortune Factors, Inc., and Jacob M. Seiler, of A. J. Armstrong & Co., Inc., chairman of the 1958 drive, in announcing the selection of Mr. Moran as guest of honor, praised him as a man devoted to the welfare of his fellow-men regardless of creed or background. The chairmen added that Tax Commissioner Nathan W. Math, noted lawyer who is a top leader in the Brooklyn UJA drive, and Dr. Jules I. Bogen, professor of finance at the Graduate School of Business, New York University, will be the guest speakers at the luncheon. Mr. Math will concentrate on the facts behind the UJA campaign and Dr. Bogen will talk on today's economic situation and what the future has in store.

Dillon, Read Group To Offer $15,000,000 Belgian Congo Bonds

A registration statement was filed on March 27 with the Securities and Exchange Commission relating to a proposed issue of $15,000,000 of The Belgian Congo 15-year external loan bonds, due April 1, 1973. An investment banking group managed by Dillon, Read & Co. Inc. expects to offer the issue publicly about the middle of April.

This issue will represent the first public offering of Belgian Congo securities in the United States. The Government of the Belgian Congo intends to use the proceeds from the sale of the bonds for construction of native housing, including related utilities and public buildings and facilities, as a part of a ten year plan for economic and social development of the Congo.

Joins Smith, La Hue

(Special to The Financial Chronicle)

ST. PAUL, Minn. — Gerald H. Coleman is now connected with Smith, La Hue & Co., Pioneer Building.

H. Bertram Smith

H. Bertram Smith, limited partner in Zuckerman, Smith & Co., passed away March 22.

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Recovery and Role of Bankers

takes confidence to walk a tightrope. There must be a willingness to follow the line of stability, without being diverted to the pit of either inflation on the one side or deflation on the other. When the economy tilts too far in one direction, it must shift to the other to maintain its balance, or else it will be headed for even more serious trouble; and if at any point its basic confidence is destroyed, it cannot hope to stay on the narrow rope of stability.

I would like to comment briefly on a couple of significant aspects of the current situation.

Review Current Situation

First, in placing emphasis on overall levels of business activity, it is easy to overlook the fact that adjustments in individual industries are constantly taking place. Economic activity is never a steady process. Even today some lines of business and some sections of the country have not felt the impact of what is regarded as a general recession in others.

It is noteworthy that when total business was expanding between 1955 and 1957, many lines of industry and trade were in a declining trend. The year 1955 was the peak year for automobile sales and new home construction. These two sectors lifted the economy from the 1953-4 recession. Textile and apparel production reached a peak in late 1955 and has been in a downward trend since then. Output of rubber and leather products has been running for many months well below the level of most of 1955 and early 1956. Glass, clay, and lumber production reached its high in the fall of 1956. Production of consumer durable goods — so important for instalment lending—was at its highest point in the last quarter of 1955. Thus, for some time now, many of our important lines of business have been in a significant decline; but it has been only recently that general concern has arisen over business as a whole and unemployment in particular.

Second, it is not generally realized that during the greater part of 1957 the economy was proceeding under the momentum of capital expansion and inventory accumulation. This momentum was being fed, at least in part, by an inflationary psychology. Under such circumstances, it required courage on the part of the Federal Reserve monetary authorities to recognize the importance of preserving economic stability — the delicate tightrope balance between inflation and deflation.

Downward Trend in Real GNP

A review of the trend of gross national product during the past couple of years is revealing. In 1955, total output rose $31 billion, of which about $28 billion represented a real growth in goods and services produced and only $3 billion was accounted for by price rises. In 1956, the dollar value of our national production rose $23 billion; but with prices on an uptrend, only $13 billion of the gain was real and $10 billion was due to inflation. In 1957, the shift was even more pronounced. Although the economy contributed another 19 billion growth in the value of goods and services produced—to reach a new record of $434 billion —only $4 billion could be considered real growth, while the overwhelming balance — $15 billion—was contributed by price inflation.

When the facts are faced honestly and realistically, all will agree that inflation adds nothing to the standard of living of our people. On the contrary, it cheats them by eroding the buying power of accumulated savings and current incomes, and causing dislocations which breed imbalances in supply and demand and subsequent unemployment.

The present situation is just such a dislocation. The impact of the inflation generated in the recent boom is taking its toll. This once again proves that economic growth and stability cannot rest upon the tenuous threads of inflationary psychology. We are fortunate indeed, therefore, that by virtue of efforts to restrain the inflationary forces through monetary actions up to last fall, we are far better prepared to deal with the adjustments that were bound to come. It was not to be expected that such actions could have done the whole job of containing inflationary forces, but there is no telling how far those forces might have proceeded and how deep a pit of depression might have been encountered if earnest and appropriate measures of restraint had not been applied.

Sees Healthy Development

Thus, while the recent rise in unemployment is not to be condoned, it is reassuring that inflationary psychology has given way to a broader appreciation of the fact that the business cycle is still with us, and that fewer consumers and businessmen are convinced that inflation is inevitable. This is a healthy development because it places the economy on a firmer base for consumption and genuine growth, and lessens the danger of a scramble for capital equipment, real estate, common stocks, physical inventories, and consumer durable goods—out of fear of constantly rising prices.

Yet, it is equally important that confidence in our ability to deal with corrective forces should not be lost. The fear of rising prices, unwholesome as it may be, should not merely give way to fear of depression. Both are destructive.

It is for this reason, as stated earlier, that we are fortunate in having prepared well, through sound policies, to deal with conditions created by shifting tides of the business cycle. In the current situation, the banking fraternity must lend its weight to the preservation of confidence on the part of business and the general public. This does not mean that we should ignore the signs of business recession around us, but our policies and operations should give people —including instalment borrowers —the feeling that bankers are confident of the ability of basic forces of growth in the economy to prevent the current decline from growing into a serious depression. We know, as indicated earlier, that many lines of business that we serve have been undergoing adjustment for some time. We have helped them work out their problems, and many of the more already stronger as a result.

One way by which we can demonstrate our confidence is to be resourceful in our lending. We should explore all possible ways of assisting both our wholesale and retail customers to adjust their finances to the changing business environment so that their own courage is sustained, and they can look forward to a resumption of the growth promised by the tremendous potentials in the economy.

Preventing Government Intervention

The stakes are high for banking because every downturn in business brings political pressures for the government to get into the lending field on larger scale. We must answer this threat realistically—not merely by telling Uncle Sam that he should stay out of the lending business, but by convincing our customers that we have confidence in them and can and will supply the credit needed for them to succeed. We must continue to dispel the false notion that bankers run to cover when the business weather becomes stormy.

The public has become conscious of the general business picture and now looks to government for positive steps to set things right. Many statements from within and outside of the Administration emphasizes the sensitivity of government toward the public's attitude and the importance of rebuilding confidence. The banking fraternity should take note of the fact that credit measures are included in the arsenal of weapons to combat the recession. Thus, the attitudes and actions of the lending community are very much in the forefront. How we respond will influence both political and public opinion toward us.

We must do our part in our own particular sphere—through credit measures—to help balance the economy on the tightrope between inflation and deflation. The fact that the economy is now correcting the imbalance developed in the recent boom should not, however, make us lose sight of the fact that the dangers of inflation beyond the short range are real and that we must remain alert to them. It is appropriate that measures be undertaken to preseve confidence in the resumption of growth in the economy; but it would be serious indeed if we were to generate a new expansion predicated largely on inflationary psychology, instead of a growth based on real capital needs of the economy and a sound flow of goods through channels of production and consumption.

Keeping Confidence

In order to guard against a resurgence of inflationary forces, it is therefore essential that we not be stampeded into a series of drastic measures which will make people lose confidence in the ability and willingness to preserve the value of the dollar.

We already appear to be committed to a significant increase in defense expenditures as a result of recent developments on scientific frontiers. Most observers count heavily on this shift in spending to lift the economy in the months ahead. It would be foolish indeed to erect a new structure of government spending on top of this, if in so doing we run the serious risk of rekindling anew the fires of inflation. Thus, it is hoped that spending policy will not be predicated on temporary political expediency, but upon the requisites of sound, stable growth.

Likewise, it is to be hoped that the same considerations will enter into the decision whether a tax reduction should be made. The prospects are that even without such a reduction, the budget will show a significant deficit, the impact of which is bound to be felt over the entire economy. The idea that fiscal policy should compensate for changes in the business cycle sounds good on paper. But it has not worked very well because of a reluctance to accumulate surpluses in times of prosperity to offset the deficits that are considered to be beneficial in periods of recession. A sizable deficit caused by the combination of a rise in defense expenditures, enlargement of civilian programs, and tax reduction would be a signal that the inflation barriers are being lowered. It would be extremely difficult, I believe, to convince people thereafter that long-run stability of the dollar is more than a hope.

It is desirable, also, to view the role of monetary policy in the same light. Credit has been eased considerably in recent months. Interest rates have declined sharply in most sectors of the money market, and the availability of credit has improved. During most of 1957, demand for credit was very strong, as borrowers were seeking funds for both current and anticipated needs. The change in psychology has since relaxed the demand for credit, making it possible for lenders to be more willing to lend and for borrowers to be less concerned about their ability to obtain funds so long as their credit position remains sound.

Credit for Growth, Not Inflation

This recent environment certainly is a contrast with the psychology of restraint which prevailed until late last year. It is appropriate to the change in business conditions. However, recognizing that the forces of inflation still lurk in the background of the company, in my opinion it would be foolish indeed if credit conditions were permitted to become so easy as to encourage the use of credit for a new wave of speculation and inflation. It is important, particularly, that the money and credit system not be looked upon as a tool to be used for such speculation. This danger is very real; and it is hoped that in seeking to help the economy turn the corner out of the current recession, the monetary authorities will continue to recognize it. We now have had considerable experience in ups and downs in business activity since World War II, with recurrent waves of inflationary pressure. To underwrite a new such wave with a base of too easy credit would be detrimental —not helpful—to the resumption of economic growth on a sound and stable basis.

Conclusion

In conclusion, there can be little doubt that all Americans want the elimination of unemployment and the resumption of full and efficient use of both our human and material resources. But employment must, in the long run, rest on a foundation of stability. It must be based on production for use, and not for the accumulation of inventories that are predicated on expectation of rising prices. It must be related to capital expenditures required for the real needs of a growing economy, and not for capital expenditures generated through fear that inflation will make them too costly if delayed until the time that they are really needed to meet growth requirements of the economy.

We would be snortsighted if we were to expect that inflationary policies in the long run can provide a permanent and realistic answer to the shifting tides of sentiment in an economy dominated by forces of supply and demand in the market place. For this reason, while the propriety of constructive measures by government to assist recovery is conceded, it is essential that such measures be not interpreted as an underwriting of a renewal of inflation. We, in banking, should therefore continue to do our part in preserving public confidence in the ability of our economy to deal with both inflation and deflation, and thereby help to make such measures unnecessary.

Two With J. Logan

(Special to The Financial Chronicle)

PASADENA, Calif. — Kenneth B. Bolton and Robert E. Robinson have joined the staff of J. Logan & Co., 721 East Union Street.

Wright Inv. Adds Two

(Special to The Financial Chronicle)

SANTA ANA, Calif.— Bernice M. Sieman and Arthur A. Hall have been added to the staff of Wright Investment Co., 822 North Broadway.

Joins H. L. Robbins

(Special to The Financial Chronicle)

WORCESTER, Mass.—Isaiah L. Robbins has been added to the staff of H. L. Robbins & Co., Inc., 37 Mechanic Street.

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Industrialized Latin-America And Inter-American Trade

been recorded in heavy industry. This is a matter of considerable significance, since future expansion obviously will be limited by the size of the local market. This, of course, is one of the reasons that Latin Americans are so interested in the common market, or regional market idea. Because of present market limitations and other factors, production costs are generally high—a fact which further adds to the inflationary pressures which pose the greatest threat to Latin America's continued economic progress.

Perhaps the best example of what has been occurring in the capital goods field is provided by the iron and steel industry. Eight integrated steel mills have been installed in Latin America since 1939, with production rising from 600,000 to 3,600,000 tons. Latin America now is producing roughly half of its steel requirements and production capacity is still expanding. Programs now underway in various countries will increase the area's steel production to approximately 6½ million tons by 1960. Yet this is not the whole story. Steel imports doubled between 1939 and 1955 and, in the latter year, were still in excess of local production. Whatever reduction occurred in imports of certain kinds of steel products was more than offset by increased demand and higher imports of other types of steel; and import requirements, over-all, increased rather than diminished.

This is typical of what occurs when a nation industrializes. Local production of industrial goods accelerates the growth process. A host of auxiliary industries spring up and flourish, creating a demand for additional raw materials, electric power, transportation facilities, machinery and equipment. The additional wealth and employment created by these new industries, and the rising living standards that result, create demand for a wide variety of consumer and producer goods of both domestic and foreign manufacture. People who have been living at a bare subsistence level become consumers in the economic sense and make their needs and desires felt in the markets of the world; and total imports from the more highly-industrialized nations tend to increase rather than diminish.

Strain on Foreign Exchange

All this is good for the developing nation and for its trading partners, provided that this growth can be achieved without undue strain on national resources —particularly foreign exchange resources and earning capacity. Experience has shown that industrialization increases rather than reduces import requirements and can not be supported without a parallel increase in export earnings; and for most Latin American countries, exports depend heavily upon agriculture.

Our export sales to Latin America have followed this general pattern of expansion along with industrial development, with the prevailing upward trend subject to interruptions when individual countries become overextended or encounter economic difficulties. During the 10-year period from 1945 through 1955, when industrial production in Latin America increased 85%, imports from the United States increased twice as fast, rising 1[illegible]% and further advances in industrialization can be expected to produce a similar result. I would like to emphasize, however, that since capacity to import depends largely on ability to export, the ability of the Latin American nations to retain and expand their export markets can very will determine the pace of future industrialization.

Record export earnings were, in fact, one of the prime contributing factors to Latin America's remarkable industrial growth in the postwar decade, but the increase in Latin America's export earnings occurred largely as the result of higher commodity prices, rather than an increase in the volume of export sales.

During the period from 1939 to 1951, prices of Latin American export commodities were in a strong uptrend with prices, on the average, increasing some two and one-half times. Since then, however, prices have leveled off and, in 1957, quotations for some of the more important commodities declined rather sharply. During the past year, the price of coffee, the biggest foreign exchange earner, declined around 10%; copper 25%, lead 19%, zinc 25% and wool tops 19%.

This decline in commodity prices, combined with a falling off in demand for consumer goods, adversely affected industrial production and per capita income. During 1956, Latin American industrial production increased only 3%, as compared with 6% in 1955 and 7% in 1954; and per capita income increased only .1%. Declines were registered in both Chile and Colombia; while in Brazil, per capita income barely held its own. While final figures for 1957 are not yet available, it is apparent that further declines were registered in both indexes, on a per capita basis, despite the continued expansion of heavy industry.

Will Rapid Industrialization Continue?

The slowing down in the demand and, consequently, the production of such consumer goods as foodstuffs, leather products and textiles results from a number of causes, not the least of which are the cumulative effects of internal inflation and the attempts by governments to slow it down by means of credit restrictions rather than by curtailing costly programs of industrial development. The question naturally arises as to how long the present rapid pace of development in heavy industry can continue, in view of its relatively high cost and the limitation imposed by the size of the domestic markets—particularly if exports decline.

The outlook for exports is, indeed, one of the principal keys to the entire industrialization picture, along with the inflow of foreign capital, since the boom in production of capital goods depends heavily on continued capacity to import machinery, equipment and raw materials from the United States, Western Europe and Japan. The record-breaking imports of last year were recorded despite the apparent failure of Latin American exports to expand, and were made possible only by a substantial drawing down of foreign exchange reserves in a number of countries and by a very heavy inflow of foreign capital in the form of private investments and international credits.

Since it is fairly obvious that the rate of industrialization in Latin America, which was so high in the 1939-1955 period, and which tended to level off in 1956 and 1957, can be maintained only by increased exports and a continued inflow of foreign capital, I would like to comment on some of the fundamental factors which will determine the future trends.

Outlook for Exports to U. S. A.

Perhaps the most important fact to be considered in attempting to assess Latin America's export prospects is the overwhelming reliance of the area on sales to the United States. This country is far and away the most important market for Latin American products. During 1957, our purchases from Latin America amounted to roughly 40% of their total export sales. Thus, any slackening of our demand for Latin American products will produce immediate and serious repercussions in our sister republics; and, hence, their preoccupation with our foreign economic policy, with our agricultural policy, with our tariff policy and with everything that has a bearing on their continued access to this market.

It is not only a matter of maintaining the tempo of their industrialization and development programs, although this is an important consideration. Dependent, as many of them are, on the exportation of one or a very few export commodities, and with the highest rate of population growth in the world, their ability to maintain and increase their sales in this market means the difference between progress and retrogression; relative prosperity or widespread destitution; exchange stability or currency depreciation. It may also mean the difference between political stability or political chaos; a free economy or statism.

Let us look, for a moment, at the list of commodities which we buy from the Latin American republics and upon which their economic life depends. The list is not a long one. First of all, there is coffee, which accounts for a third of the total and which is heading into a period of overproduction. Next, there is petroleum, which accounts for another 20% of total exports. Sugar amounts to about 9%, non-ferrous metals—copper, lead and zinc—about 10%; iron ore about 3½%; wool about 2% and bananas, 2%. These products, together, account for some 80% of Latin America's exports to us. We are not self-sufficient in any of these products, which are so important in our daily living. Some of them, in time of war or national emergency, may be essential to our very survival as a nation. Yet, it is a disturbing fact that every one of these products, with the exception of coffee and bananas, which we do not produce, has been under strong attack by our domestic producers who want to raise tariff or tax barriers against them or otherwise restrict their entry into the United States market.

Grievous Complaint

Our southern neighbors also produce a great deal of cotton, cereals and vegetable oils, most of which are sold to Europe, Japan and other Latin America countries. But here they run afoul of the international aspects of our various agricultural support programs. One of the most prominent and respected American economists recently referred to the United States as "a tremendously rich country, liable to irresponsibility in its trade policies where farmers are involved, and able, willing and even eager to give its agricultural surpluses away in the absence of any other means acceptable to American producers of meeting their demands that they continue to prosper and continue to grow the products in the quantities to which they have become accustomed."

This is exactly the way it looks to Latin America. Whether we are dealing with surplus commodities, such as wheat and cotton and dairy products; or with commodities in which we are not self-sufficient, such as sugar, tung oil and various metals; our commercial policies frequently run counter to the free market principles we expect others to follow and in which we profess to believe. In a talk which I delivered to an inter-American group here in New Orleans not long ago, I referred to our agricultural policy as the "sacred cow of our politicians" and suggested that the American public had little conception of the way the product of this animal had been curdling our international relations.

Latin Americans complain bitterly that our economic partnership with them is a relationship of convenience—our convenience. They contend that we always are quick to call upon them for help in time of national emergency, when we are suffering from shortages of basic raw materials and foodstuffs; and that they always have responded, not only by expanding production, but by selling these essentials to us at prices below what they could obtain in other countries; but when the emergency is past, they point out that we quickly erect tariff barriers or put up import restrictions to protect our domestic producers.

If we are honest with ourselves, we must admit that there is something in what they say. Right now, our inter-American trade, and therefore, our inter-American relations are in grave danger. Lead, zinc, copper, petroleum, tung oil, fisheries products and many other Latin American commodities are targets of the restrictionists and seem destined to be hit, one by one, by tariffs, quotas or other trade barriers. These measures may afford some protection to the small minority of our population that produces these commodities; but they will result in charging the American consumer more than he would otherwise have to pay for a myriad of products in which these materials are used; and these restrictions can cause untold misery and distress to our Latin American friends.

In all our discussions of foreign trade policy in this country, the consumer or Mr. Average Citizen seems to be the forgotten man. Unversed in the intricacies of foreign trade and the effects of tariffs or other trade restrictions on costs and prices, he doesn't always know what is happening to his budget or the reasons for it; but not so our domestic producer, whose profits or whose livelihood may be threatened by increased imports. He is alert to his own interest. He is vocal; and he makes himself heard in the halls of Congress. It is altogether right and proper that he should do this; and it is altogether right and necessary that those of us who are concerned with the wider national interests be equally alert and vocal. We must use every opportunity to inform our fellow citizens and our Congress of the full implication of our trade policies toward Latin America. Surely, a way can be found to afford essential relief to hard-pressed domestic producers without striking at the very foundation of our inter-American relations.

The Stakes Involved

And what are the stakes involved in our Latin American trade? I have referred to our approximately $4 billion of exports to that area; I have mentioned our reliance on imports from Latin America for the essential raw materials required to feed our industrial machine and maintain our own standard of living; I have called attention to the deficiencies in our own production of many of these essential materials; (and from this it follows that we should be more concerned about conservation of our limited resources than in seeking ways to deplete them more rapidly by excluding imports) and I have referred to the close connection between our purchases from Latin America, our sales to them of materials and industrial equipment, and their ability to maintain the pace of their economic development.

I want to speak now of the stake of our private investors in Latin American industry, commerce and agriculture—of the implications of our foreign economic policies as affecting nearly $8 billion of private United States investments in that area. Included in our Latin American investments is over $1 billion in public utilities; another billion in mining and smelting; nearly two billion in manufacturing; and well over 2 billion in petroleum. These investments of United States business enterprise and the skills, techniques and organization that have accompanied them overseas have played a key role in Latin America's industrialization and in her foreign trade. They are directly responsible for 30% of Latin America's exports. A recent study by the United States Department of Commerce has shown that they contribute importantly to Latin American production, employment, and government revenues, and produce annually over a billion dollars in foreign exchange for the host countries in excess of the amount the investors pay out for interest, dividends and imported materials and equipment. They are a continuing demonstration in the show windows of the world of the accomplishments of American free enterprise; of the mutual benefits and the practical results of inter-American cooperation.

While some of these investments, as in the extractive industries, create the dollar exchange for their own servicing, investors in manufacturing enterprises and public utilities have to compete with Latin America's import needs for the dollars they require to pay interest and dividends. Most Latin American countries, under the best of conditions, do not have sufficient dollars to pay for all the imported goods they would like to have to further their economic development and satisfy their aspirations for ever-higher standards of living; and when trade developments are adverse, they are faced with a choice of tightening their exchange restrictions or allowing their currencies to depreciate. Foreign investment and foreign trade are intimately related; and the welfare of each is dependent on the health and vigor of the other. Potential investors, therefore, attach a great deal of importance to export possibilities and dollar earnings capacity; and the flow of private United States capital to Latin America for industrial development is directly related to the investor's assessment of the foreign exchange outlook.

Little Foreign Aid Given

Latin America has found that inter-governmental assistance is no substitute for private investment and foreign trade as a source of capital for economic development. While it has received and welcomed substantial loans and credits from the Export-Import Bank and the International Bank, which have both supplemented and stimulated investment from private sources, these credits, like the private investments, have been made on a business basis, and must also be amortized out of the recipients' foreign exchange earnings.

Latin America has received very little from this country in the way of direct foreign aid. It has been a beneficiary of our technical assistance program which has done a great deal of good, with a relatively small expenditure of money, as a cooperative undertaking in which the recipient countries carry a large portion of the load.

Our good neighbors to the south have not been, nor have they wanted to be, beneficiaries of a give-away program. They are too proud, and too independent, to seek that kind of help; but they are extremely critical, as are many Americans, of some of the aberrations of our foreign aid activities. They can not understand our persistent belief, despite all the evidence to the contrary, that our past and present foreign aid programs in such countries as Yugoslavia, Poland, Indonesia and India can make them more friendly, more democratic, or more resistant to communism. They regard some of the countries we have been assisting as doubtful allies in the cold war, possible enemies in a showdown fight, and actual or potential business competitors.

As primary producers of tropical agricultural commodities, they resent our willingness to help their competitors in Africa and Asia to improve their techniques and increase their production of such products as coffee and cocoa. They also have trouble in reconciling our government's opposition, on economic grounds, to international commodity agreements designed to restrict sales and support prices for their agricultural products, with our willingness and our ability, as a "rich nation," to support prices and intervene in international markets for the benefit of our own agricultural producers. It is unfortunate, indeed, that the effectiveness of our support for free market principles, as applied to others, is vitiated by our frequent flouting of these principles, when applied to ourselves.

These are some of the things that our neighbors have in mind when they refer to our alleged "neglect" of Latin America; but their strongest resentment is directed toward those policies of our country which constitute a threat to their ability to earn dollars through foreign trade. The Honorable Henry F. Holland pointed out in a recent speech on inter-American trade: "by far the greatest of our contributions to the development of Latin America has been (the provision of) an opportunity to earn dollars by selling her exports in the great United States market." . . . "Dollars earned through trade are the soundest possible capital for economic development."

Where Our Destiny Lies

If I have been correct in my analysis of the economic bases of Latin America's industrialization, it was perhaps inevitable that my discussion should have developed into a plea for preservation and extension of Latin America's export markets in this country. But I am equally sure that another reason, consciously or unconsciously, was my firm conviction that the future of our country, as a nation, is inextricably linked with the future of the virile, progressive, and freedom loving nations of this hemisphere. I am sure that our national destiny lies, not so much with the mature and relatively static economies of Europe, but more with the young and vigorously-expanding nations of this hemisphere, who share our common love of peace and freedom and look to us for leadership in their struggle to win a better way of life for their people.

But I want to emphasize that we shall not be prepared to fulfill the responsibilities of leadership, or be worthy to assume them, until we accept the fact that we can not exercise an effective leadership in this hemisphere until we possess understanding — a sympathetic understanding of the various nations and their people, based upon a knowledge of their languages, their histories and their cultures, and a real interest in their social and economic problems. The scriptural admonition, "with all thy getting, get understanding," could well be taken as a motto by every American businessman for guidance in his Latin American activities. Some of the most effective work in this direction has been accomplished by the businessmen and the far-sighted civic leaders of the great international port of New Orleans which has become increasingly oriented toward Latin America.

If we, as a nation, can develop this kind of sympathetic understanding of our Latin American neighbors and their problems, we shall have the basis for real friendship and mutual cooperation, and the gratuitous advice we are so prone to give them will give way to constructive criticism, and be accepted as such.

Despite the serious problems to which I have referred, I am convinced that the industrialization of Latin America is going to proceed. As in our own industrial history, it is inevitable that mistakes will be made, and that progress will not be all in one direction. But I am convinced that the main direction will continue to be forward.

Blind Unreasoning Nationalism

One of the most troublesome of the present obstacles to progress in all the less-developed areas of the world is blind, unreasoning nationalism—a disease that is raging in its most virulent form in the newly-independent nations of Africa and Asia where it has been marked by confiscation of foreign property, breaking of contracts and business agreements and exclusion of foreign interests, even at the cost of complete disaster to the local economy. In its milder forms, the ones most prevalent in Latin America, it has led, in some countries, to wastage and dissipation of national resources on uneconomic industrial projects; to unwillingness to accept foreign assistance or participation in the development of natural resources; and to needless expenditures of government funds on projects which, under proper conditions, could be financed by private capital.

The expansion of the economic activities of the state during recent years — the needless intervention of governments in what should be private business matters — surely are prime contributing factors to the unbalanced national budgets, the excessive currency issues, the spiraling price levels and the deterioration of currency values which have made it increasingly difficult to do business in some countries. A number of them are waging courageous battles to halt this disastrous inflation, and they deserve all the help and encouragement we can give them. Others, unfortunately, are using government controls of various kinds to attack the symptoms or surface indications of inflation, without attempting to remove the basic causes. Here, indeed, is an opportunity for constructive criticism; and it has been my experience that, if it is fair and unbiased, it will be received as well in Latin America as anywhere in the world.

I hope that I have not covered too much about the obstacles to sound industrialization in Latin America, rather than the opportunities. If I have, it is because, as a sincere and lifelong friend of Latin America, I am deeply concerned by some of the present trends in my own country and in Latin America which may retard its development. But I do want to emphasize my sincere belief that any interruption of Latin America's steady progress toward the kind of economic growth that will mean a more productive and prosperous future for all concerned is bound to be temporary. I am sure that the peoples of Latin America, who have shown the capacity to achieve such remarkable progress in the past generation, will not allow their gains to be eroded by the floodwaters of inflation, or by the tides of economic nationalism. And I am equally sure that our own people will come to realize that it is in our national interest to make whatever adjustments are necessary in our domestic and foreign policies to extend to our fellow Americans in this hemisphere the cooperation and help that they require.

I am sure that we have faith in the long-run future of Latin America. Many are backing that faith with the investment of our lives, our skills and our money. I shall not take the time to list the scores of United States firms that have recently entered the Latin American field or added to their investments in that area. But it contains such names as U. S. Steel, Bethlehem, General Motors, Chrysler, Ford, Kaiser, Anaconda, Kennecott, Du Pont, Grace, United Fruit, Freeport Sulphur, International Harvester, Standard Oil of New Jersey—in fact, nearly all the leaders of American industry; and, with what I hope is becoming modesty, I would like to mention last, but certainly not least, my own company — the American & Foreign Power Co. Our affiliated electric enterprises have invested half a billion dollars in 10 Latin American countries in property improvement and expansion during the last 10 years, and we are planning to spend a similar amount during the next five-year period—a doubling of our annual construction budget.

We trust that this will be taken as one more evidence of our continuing faith in the future of Latin America and of our conviction that the industrial development of Latin America is bound to proceed, despite temporary obstacles, and at an accelerating pace. After more than 30 years in that area, we are more impressed than ever with its tremendous potentialities. Its vast natural resources have scarcely been touched; its industrial growth is still in its infancy; wider education, social progress and improvements in transportation and communications are creating a broader public interest in matters of government, a better understanding of economic laws and a broader comprehension of investment problems. In our own field, we are certain that the demand for electric power is limitless. We are proud to play an active role in Latin America's vigorously expanding economy and we hope that more of our fellow Americans will feel as we do, that our future is inseparably linked with theirs.

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The Weather is Clearing For the Railroad Industry

as the Government spent on all phases of our atomic energy program during the same period. The railroads have been virtually recreated. They are today a far more efficient instrument for the mass moving of people and freight than they have ever been.

For example, there is the matter of dieselization. The Milwaukee completed its conversion to all diesel and electric power early in 1955 and we were then the only Pacific-Northwest railroad so equipped. Diesels mean lower fuel and operating costs, and greater engine availability for us. For the shipper they mean a higher degree of dependability with fewer delays en route.

Nearly six years ago we built our first automatic classification yard at Milwaukee. Since then, we have added a second one at Bensenville, just west of Chicago, and our very newest right here at St. Paul-Minneapolis, the last at a cost of over $5,000,000. You know how vital these yards are in speeding the classification of cars and the make-up of trains, and in keeping traffic fluid all over the line.

We're using electronics in many ways. One application is in an elaborate system for reporting freight car movements almost instantaneously between our yards here, at Milwaukee, Savanna, Bensenville and Council Bluffs.

Another is in centralized traffic control, the remarkable system that so greatly increases the capacity of track, especially single track. Our more than 1,100 miles of CTC include a 331-mile stretch from Green Island on the Mississippi to Council Bluffs on the Missouri, which is the world's longest stretch of track under a single dispatcher. Incidentally, one of our earliest CTC installations was right here between Faribault and Mendota.

A third application is in train-radio. We have about a million dollars invested in small sending and receiving sets that bridge the long, long mile between the engineer in the cab and the conductor in the caboose. Radio also connects the train crews with operators in wayside stations and train dispatchers.

Passenger, freight and road-switcher diesel engines are purchased regularly at prices averaging in the neighborhood of $100 per horsepower. Wouldn't a cost like that put a quick stop to the horsepower race in Detroit?

Our fleet of some 53,000 freight cars frequently gets new additions, many of them recently developed or improved types.

There are compartmentizers, various kinds of new damage-free cars, king-size mechanical refrigerators with roller bearings, steel covered hoppers with and without air-slide equipment, overlength gondolas and flat cars, special box cars for lumber and for wood chips. Peek-a-boo cars, developed in our own shops, are simply gondolas stripped of their wood siding and floors. The load rides on spaced stringers. Shippers of pipe and wood poles favor them because the cars clean themselves of snow, rain and small debris.

We have devices like the direct reading spectrograph that swallows a spoonful of used diesel oil and promptly comes up with an analysis of just where and how fast wear in the engine is taking place . . . and we have equipment like the Skyworker, a truck fitted with pneumatic saws and pruners that hoists workers 40 feet up to cut tree limbs from around communication lines. Then there's a new control system of our own development that permits a diesel B unit to be hitched behind one of our electric locomotives for extra power on mountain grades. I could mention many more interesting things, but I hope that I have already cited enough to convince you we are not standing around with our hands in our pockets.

Research Committee

There is another important activity in which The Milwaukee Road is engaged along with seven other leading western lines. I refer to the establishment of Special Committees on Railroad Research about which some already are informed. I wish that I could give a detailed outline of the committee's projected activities, but they will probably be shaped and altered to a certain extent as the work progresses.

In general, the Research Committees will dig deep into the methods and volume of distribution of a wide range of commodities by the various types of carriers. Specifically, they will study all phases of rail freight service to determine what changes might be effected in order to keep pace with new competitive conditions . . . what rates should be adjusted to meet the necessities of economics, of competition, and of carrier's revenues . . . and what changes can be made to make rail service more economical and more attractive to the shipper. They will study the entire problem of rate-making methods.

Obviously many of these are not new things but are aspects of the transportation job that our own men are studying daily. What we hope to gain from the Research Committees' efforts lies largely in the fact that they will act disinterestedly in behalf of all the railroads, and that they can operate more intensively and on a much wider base.

Undoubtedly members of the research staff will communicate with many of you, and your knowledge and opinions will be reflected in the ultimate findings. I am hopeful that the results of this activity will be of basic value to all of us.

Approves of St. Lawrence Seaway

There are regional and local factors which look promising. One of them that is of direct interest to the people of the Northwest and therefore to The Milwaukee Road, is the opening of the St. Lawrence Seaway. This should add substantially to the prosperity of the head-of-the-lakes region and to our own freight tonnage. Incidentally, this project dovetails neatly with our efforts to develop the industrially and commercially valuable real estate along our right of way. Such development will aid materially in promoting the economic growth of the Northwest.

One more reason for having an optimistic attitude toward the future lies in the inevitable growth of our population and therefore of our entire economy. The tremendous "war baby" crops of the early and middle forties are rapidly growing up. Two hundred million Americans by 1965 and a Gross National Product of some $600 billion just naturally means increased production and consumption of everything, including transportation.

Two Prerequisites

Just two things seem to me to be necessary to insure that the railroads will markedly increase their volume of traffic. The first is a continuation of the remarkable technological development that has accounted for the steady rise in ton miles per train hour and train miles per train hour in the past decade. There is no sign that our ingenuity is drying up. There is, on the other hand, the certain knowledge that increased traffic will bring higher earnings which can be plowed back into effective research and new tools. Please remember that our railroads are geared to handle much more than their present volume. With this extra capacity, increased traffic could be handled not only more economically, but with greater all around efficiency and dispatch.

The second requirement is that government — whether municipal, state or Federal—take appropriate steps to free the railroads from the restrictions of obsolete legislation. If we are enabled to compete in an open market and on an equal footing with other carriers, there can be little doubt that the basic efficiency and economy of rail service will quickly recapture a large volume of traffic.

What are the chances of these eventualities taking place? I go back to my original assertion that the weather is clearing for the railroads. As Secretary of Commerce Weeks recently said, "The shower isn't over, but the sun shows signs of breaking through the clouds."

These are some of my reasons for being hopeful. I don't think that they are unrealistic.

$75 Million Ontario Debentures Being Offered to Investors

Underwriting group managed by Harriman Ripley & Co. Inc. and Wood, Gundy & Co., Inc.

Public offering of $75,000,000 Province of Ontario, Canada, debentures, dated May 1, 1958 and consisting of $25,000,000 of 3¼% five-year debentures due May 1, 1963 and $50,000,000 of 4% 25-year debentures due May 1, 1983, is being made by an underwriting group jointly managed by Harriman Ripley & Co. Inc. and Wood, Gundy & Co., Inc.

The debentures due 1963 are priced at 99.32% and accrued interest, to yield 3.40%, and the debentures due 1983 are offered at 98.06% and accrued interest, to yield 4.125%.

Net proceeds from the financing will be used by the Province of Ontario for various purposes, including the carrying on of public works, for discharging any indebtedness or obligation, or for reimbursing the Province's Consolidated Revenue Fund for any funds expended in discharging any indebtedness or obligation of Ontario.

The debentures are direct obligations of the Province of Ontario, and principal of and interest on the debentures will be payable in currency of the United States. Income tax presently imposed by the Canadian Government will not be payable in respect of these debentures or the interest thereon by owners who are non-residents of Canada.

The $50,000,000 of 25-year debentures are to be redeemable, in whole or in part by lot, at the option of the Province of Ontario, at redemption prices ranging from 102% to par, plus accrued interest.

The Province of Ontario is the second largest in area of the Canadian provinces, covering about 413,000 square miles. Its estimated population at June 1, 1957 was 5,622,000 and represented approximately 34% of Canada's total population. The wealth of Ontario is derived mainly from manufacturing, mining, hydro-electric power generating, agriculture and forestry. The gross value of manufactured products within the province aggregated about $10.7 billion in 1956, almost half the total for all of Canada that year, and for over 40 years Ontario has been the leading province in the production of minerals.

As of Jan. 31, 1958, the total direct public debt of the province aggregated $1,439,905,777, of which $1,240,207,500 was funded debt and $199,698,277 unfunded debt.

Droulia Partner

On April 10 Droulia & Co., 25 Broad Street, members of the New York Stock Exchange, will admit Ismini Droulia to limited partnership. Regina Krois withdrew from partnership on Feb. 28.

With Gallagher-Roach

(Special to The Financial Chronicle)

COLUMBUS, Ohio—Porter E. Cox, Jr., is now with Gallagher-Roach and Company, 16 East Broad Street.

Now L. E. Jenkins Co.

DAYTON, Ohio—The firm name of National Capital Inc., 6075 Shady Oak Street, has been changed to L. E. Jenkins Co., Inc. Virginia D. Eisert, formerly with Remmele-Johannes & Co., has joined the firm's staff.

Joins Central States

(Special to The Financial Chronicle)

MANSFIELD, Ohio—Arnold H. Keyerleber has become affiliated with Central States Investment Co., Walpark Building.

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The State of Trade and Industry

center is Detroit. There, ingot production dropped to less than 30% of capacity. It could fall to as low as 10% of capacity next week. This probably would be the lowest non-strike production level in Detroit's history.

Ford Motor Co. shut down its steelmaking operations for a minimum of three weeks, and also halted steel rolling units. McLouth Steel Corp. idled the last of its six electric furnaces, leaving only its blast furnace and oxygen converter unit in operation. Great Lakes Steel Corp. is closing its steelmaking operations at the end of this week for a period of two to three weeks, this trade weekly declared.

"The Iron Age" continued by stating that seasonal factors are likely to keep the steel market from falling apart completely. Products that go into construction are showing signs of reviving. Wire products are showing a slight seasonal pickup. The advent of good weather will spur the start of construction projects that have been held in abeyance and housing starts are expected to increase.

Overseas steel mills also are feeling the pinch. British steel buyers are holding up placement of new business and order backlogs are thinning. Capital investment in Britain has been falling for some time. British mills have cut their finished steel prices in a range of 1 to 3% to reflect savings due to lower freight rates on imported iron ore and decreasing dependence on other imported materials, this trade publication concluded.

In the automotive industry the past week indications were that it has "bottomed out" of its employment-production-sales problems and is gearing for a leveling-off period, "Ward's Automotive Reports," declared on Friday last.

It said the industry will close out March operations with a four-month rise in dealer stocks checked, its retail auto sales holding to the February level and its April-June factory operations scheduled at the same rate as March.

The statistical service counted 110,868 car and truck completions in United States plants the past week, compared with 96,457 the week before, but it attributed the 14.9% gain to the indusry's "off again, on again" pattern of weekly scheduling.

Statistically, April-June auto assembly is being planned at the same daily rate as in March with its estimated 360,000 car completions, indicating that the bottom of the unemployment downturn has been reached.

March new car sales showed a definite firming tendency, with March 11-20 sales of 13,000 daily paralleling the 13,500 for March 1-10 and the 13,400 for entire February. With factory operations geared low, March sales averted any significant increase in the near-record dealer inventory, checking a four-month, 300,000-unit rise.

In all probability April auto making will follow the March pattern which last week found many plants on a four-day week, and the week before that saw several major producers close some plants completely.

Not scheduling car assembly for Friday last, were Ford at St. Paul, Minn., Louisville, Ky., Chicago and Long Beach, Calif., Chevrolet and Mercury at Los Angeles plus Pontiac and Cadillac in Michigan. Some of these plants also were idled on Thursday last and Buick-Pontiac-Oldsmobile assembly at Southgate, Calif. and Framingham, Mass. were idled all week. Dodge in Detroit was down on Monday of last week.

February building permit values continued to show small month-to-month gains above the level of the comparable months a year ago, but fell slightly below the previous month, Dun & Bradstreet, Inc. reports. The February total for the 217 cities, including New York, amounted to $435,700,934, an increase of 0.4% over $433,748,495 last year. However, it showed a decrease of 0.6% below the January figure of $438,331,568.

For New York City alone, building permits in February dropped 19.9% to $45,210,172, from $56,474,685 a year ago, and a decrease of 33.1% under the January figure of $67,583,851.

Steel Mills Expect Output to Drop to 48.9% of Ingot Capacity This Week

Steel producers recorded all-time highs in dollar volume of sales and net profits in 1957, "Steel" magazine reported on Monday last.

Net profit of the industry was estimated at $1,018,000,000, 5.3% above 1956's $1,012,000,000. The metalworking weekly based this estimate on the performance of 32 leading companies.

The 32 companies, representing 93% of the nation's steelmaking capacity, had a total net income of $1,001,000,000 as against $1,005,000,000 in 1956. Net sales totaled $14,009,000,000 in 1957, as against $14,004,000,000 in 1956.

Although the industry's net profits hit a new high in 1957, 21 of the companies turned in less than record performances. Their earnings were lower in 1957 than they were in 1956.

Record dollar sales, along with gains from new equipment and improved practices in steelmaking, gave the industry its best year in dollar volume of net profits.

Profit per dollar of sales was up slightly in 1957 by 7.37 cents, compared with 7.28 cents in 1956. Among years that were better were 1950 by 7.99 cents, 1955 by 7.82 cents and 1940 by 7.48 cents.

Although the industry gained in earnings in 1957, the Federal Government got more, that is 6.1% more in income taxes than it got in 1956. As a result, the 32 companies paid almost as much in income taxes in 1957, $1,005,000,000 as they had left as net profit, $1,001,000,000.

Employment costs continued to rise in 1957. They were 9.5% higher than those of 1956. The jump came from a 2.3% increase in the number of employees and an automatic boost of steelworkers' wages at midyear.

Not only were there more employees in the steel industry in 1957 than in 1956, there were more owners. The number of holders of common stock rose 14.4%.

The physical volume of steel production in 1957 was 2.1% below that of 1956. In sharp contrast with its performance last year, the steel industry has been hit hard by the recession.

During the quarter just ended, the industry produced about 18,400,000 net tons of steel for ingots and castings. It was the smallest output for a nonstrike quarter since the second quarter of 1946 when production was 15,600,000 tons.

As they begin the second quarter, steelmakers pin their hopes for improved sales on the fact that they have been producing less steel than fabricators have been using; consumers' inventories may soon hit rock bottom; better weather should bring an upturn in construction and government action may bolster consumer confidence.

The outlook for steel operations and a sluggish demand combined last week to force scrap prices into a third week of decline. "Steel's" composite on the prime grade dropped to $34.50 a gross ton, off $1.83 from the previous week.

The first ten days of April should show whether the automotive industry will help perk up the market. Autodom thinks its sales slump has leveled off, but the industry is waiting for mid-April reports to confirm its theory, concludes "Steel" magazine.

The American Iron and Steel Institute announced that the operating rate of steel companies will average *80.8% of steel capacity for the week beginning March 31, 1958, equivalent to 1,298,000 tons of ingot and steel for castings (based on average weekly production for 1947-1949) as compared with an actual rate of *85.0% of capacity, and 1,366,000 tons a week ago.

Output for the week beginning March 31, 1958 is equal to about 48.09% of the utilization of the Jan. 1, 1958 annual capacity of 140,742,570 net tons compared with actual production of 50.6% the week before.

For the like week a month ago the rate was *88.7% and production 1,425,000 tons. A year ago, the actual weekly production was placed at 2,319,000 tons, or 144.4%.

***Index of production is based on average weekly production for 1947-1949.**

Electric Output Registered Declines for Second Straight Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 29, 1958, was estimated at 11,645,000,000 kwh., according to the Edison Electric Institute. Output registered declines for the second straight week.

For the week ended March 29, 1958, output decreased by 111,000,000 kwh. below that of the previous week and 49,000,000 kwh. or 0.4% below that of the comparable 1957 week, but increased 653,000,000 kwh. above that of the week ended March 31, 1956.

Car Loadings Dipped 1.1% in Latest Week and 22.3% Below a Year Ago

Loadings of revenue freight for the week ended March 22, 1958, were 6,038 cars or 1.1% below the preceding week, the Association of American Railroad reports.

Loadings for the week ended March 22, 1958, totaled 533,019 cars, a decrease of 152,817 cars or 22.3% below the corresponding 1957 week, and a decrease of 164,229 cars, or 23.6% below the corresponding week in 1956.

Automotive Output Advanced the Past Week 14.9% Above Volume of Preceding Period

Automotive production for the week ended March 28, 1958, according to "Ward's Automotive Reports," registered a gain of 14.9% over that of the week preceding. The increase it reported, was attributed to the industry's "off again on again" pattern of weekly scheduling.

Last week's car output totaled 93,167 units and compared with 80,560 (revised) in the previous week. The past week's production total of cars and trucks amounted to 110,868 units, or an increase of 14,511 units above that of the previous week's output, states "Ward's."

Last week's car output increased above that of the previous week by 12,607 cars, while truck output rose by 1,904 vehicles during the week. In the corresponding week last year 130,233 cars and 22,479 trucks were assembled.

Last week the agency reported there were 17,701 trucks made in the United States. This compared with 15,797 in the previous week and 22,479 a year ago.

Canadian output last week was placed at 7,205 cars and 1,280 trucks. In the previous week Dominion plants built 7,273 cars and 1,298 trucks and for the comparable 1957 week 9,484 cars and 1,954 trucks.

Lumber Shipments Dropped 4.4% Below Output in Week Ended March 22, 1958

Lumber shipments of 488 reporting mills in the week ended March 22, 1958, were 4.4% below production, according to the National Lumber Trade Barometer. In the same period new orders were 5.8% above production. Unfilled orders amounted to 30% of stocks. Production was 0.5% above; shipments 1.8% above and new orders were 2.9% above the previous week and 8.3% below the like week in 1957.

Business Failures Registered Mild Declines the Past Week

Commercial and industrial failures declined mildly to 327 in the week ended March 27 from 357 in the preceding week, Dun & Bradstreet, Inc., reported. Although at the lowest level in five weeks, casualties exceeded considerably the 290 occurring a year ago and the 263 in 1956. Failures were 5% higher than in the comparable week of prewar 1939 when 310 were recorded.

Liabilities of $5,000 or more were involved in 287 of the week's casualties as against 305 in the previous week and 247 last year. A decline also appeared among small failures involving liabilities under $5,000. They dipped to 40 from 52 last week and 43 in 1957. Concerns failing with liabilities in excess of $100,000 continued at 37, the same number as in the preceding week.

Retailing casualties fell to 158 from 182, construction to 42 from 52 and commercial service to 19 from 25. In contrast, the total among manufacturers rose to 69 from 60 and among wholesalers edged to 39 from 38. More businesses failed than a year ago in all lines except service which showed a marked drop from its 1957 level.

While six of the nine major geographic regions reported declines during the week, the downturns were relatively mild, except in the Middle Atlantic States, off to 109 from 126. Casualties in the Pacific States dipped to 64 from 69 and in the South Atlantic States to 30 from 36. Contrasting increases lifted the East North Central total to 67 from 57 and New England to 25 from 20. No change occurred in the East South Central States. Five regions suffered heavier business casualties than last year, with noticeably sharp rises from 1957 in the New England, East North Central and South Atlantic States. On the other hand, four regions had fewer failures than a year ago. The decline from 1957 was sharp in the Pacific States.

Wholesale Food Price Index Set New Yearly High In Latest Week

The Dun & Bradstreet wholesale food price index rose 0.4% from the preceding week's $6.67 to reach a new high for the year of $6.70 on March 25. This is 7.7% higher than the $6.22 of March 26, 1957. The index stands at the highest point since Feb. 8, 1955 when the figure was $6.77.

Higher in price last week were hogs, bellies, beef, steers, potatoes, oats, corn, raisins, cocoa, lard and sugar, while flour, butter, milk, eggs, prunes, rye, wheat, barley, cottonseed oil and hams were lower.

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

Wholesale Commodity Price Index Moved Slightly Upward the Past Week

The general commodity price level rose somewhat over that of a week earlier, as price increases on sugar, lard and livestock offset declines on some grains, steel scrap and flour. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., stood at 281.96 on March 24, compared with 281.46 in the preceding week and 289.10 on the corresponding date a year ago.

Reports that flour millers had sizable stocks of wheat on hand and that an unusually large 1958 Winter wheat crop is in prospect discouraged wheat buying last week. Futures price fell moderately. There was a slight dip in prices of oats and rye during the week, with volume sluggish. Corn prices were close to those of the prior week. Despite a government report that soybean plantings this year would be noticeably above those of last, soybean futures prices in steady trading continued close to those of a week earlier.

The favorable Winter wheat crop outlook and an expected increase in Spring plantings somewhat discouraged the buying of flour during the week. Prices fell appreciably. Except for more large acquisitions of flour by the government for relief programs abroad, flour buying for export lagged. Flour receipts at New York railroad terminals on Friday amounted to 59,290 sacks, including 32,180 for export and 27,110 for domestic use.

High consumer buying encouraged retailers to hold their purchases of rice at the levels of the previous week and prices were steady. Rice exports to Cuba were sustained at a high level. Increased buying of sugar by the Philippines boosted raw sugar prices at the beginning of the week and they finished slightly above those of the prior week.

Despite a government estimate of an increased world coffee crop, coffee trading improved and prices rose somewhat. There was a moderate dip in cocoa futures prices, as transactions slipped. Warehouse stocks of cocoa the week-end in New York rose to 159,875 bags compared with 303,043 bags a year ago. Arrivals for the season so far totaled 853,172 bags, as against 1,120,434 in the comparable period last year.

Chicago wholesalers reported a moderate increase in cattle prices as trading improved. Cattle receipts rose over those of a week earlier, but remained noticeably below a year ago. A slight decline in hog receipts and increased trading helped boost hog prices somewhat last week. There was a moderate increase in lamb prices in Chicago during the week. Lard futures prices climbed again on improved volume.

Unfavorable weather conditions for soil preparations for planting and a somewhat lower ginnings report than was anticipated stimulated cotton transactions the past week. Futures prices on the New York Cotton Exchange rose steadily during the week. Consumption of all cottons by the United States during the four weeks ended March 1 amounted to 640,000 bales compared with 688,000 bales in the same period a year ago. United States exports of cotton staple during the week ended on Tuesday (March 25) totaled about 150,000 bales against 102,000 a week earlier and 193,000 in the comparable week last year. Exports for the current season through March 18 totaled 3,789,000 bales compared with 5,012,000 in the similar period a year ago.

Trade Volume Stimulated by Easter Shopping The Past Week

The effects of snowy and rainy weather in some regions was offset by increased Easter shopping the past week, boosting overall retail trade slightly above that of the comparable period last year. Most of the year-to-year increase was attributed to more sales of women's traditional Easter mechandise. While interest in major appliances and new passenger cars fell below that of a year ago, furniture volume equalled the similar 1957 level.

The total dollar volume of retail trade in the period ended on Wednesday of last week was from 1% below to 3% higher than a year ago, spot estimates collected by Dun & Bradstreet, Inc., disclosed. Regional estimates varied from the comparable 1957 levels by the following percentages: Pacific Coast States +3 to +7%; West North Central +2 to +6%; East North Central +1 to +5%; New England and Mountain —1 to +3%; South Atlantic —2 to +2%; East South Central —3 to +1%; Middle Atlantic and West South Central States —4 to 0%.

Best-sellers in women's apparel were millinery, gloves, handbags and jewelry. Substantial year-to-year gains occurred. Retailers reported appreciable increases from last year in the buying of Spring dresses, coats and suits, but sales of sportswear lagged. Although interest in men's suits, dress shirts and neckwear exceeded that of the prior week, total volume in men's apparel fell moderately behind a year ago.

Shopper stepped up their buying of dining room sets, bedding and occasional tables and chairs. Sales matched those of a year ago. While purchases of small electric housewares continued at a high level, volume in refrigerators and television sets slackened. There was a moderate rise in the buying of floor coverings and draperies, but the call for linens slipped. In some regions an upsurge in sales of barbecue goods occurred.

Grocers reported another slight rise in food volume during the week, with principal gains in baked goods, canned citrus fruits and frozen juice concentrates. Volume in fresh meat, poultry and most dairy products held steady with that of a week earlier.

As increased consumer buying noticeably reduced retailers' stocks, buyers considerably stepped up their purchase of women's Easter apparel last week. The most noticeable gains occurred in Spring dresses, coats and suits. Volume in fashion accessories was sustained at the level of the prior week. There was a slight rise in bookings in men's lightweight suits and furnishings, while the call for Summer sportswear was unchanged. Although interest in children's clothing expanded substantially, orders were moderately below those of a year ago.

Attendance at the opening of the Boston Furniture Show was better than expected. Orders were close to those of a year ago and best-sellers were occasional tables and upholstered living room merchandise. Volume in major appliances, television sets, air conditioners and fans continued to lag behind that of last year. Wholesalers reported a fractional rise from the prior week in the call for linens and draperies.

Although trading in print cloths improved somewhat during the week, over-all transactions in cotton gray goods continued to lag. The call for wide industrial fabrics and man-made fibers slipped again. Sales of woolens, worsteds and carpet wool remained close to those of the preceding week. A slight improvement was reported in bookings in piece goods.

Wholesale food buying rose again the past week. Volume in canned goods expanded appreciably as grocers attempted to replenish depleted stocks. Trading in fresh meat, poultry, and cheese climbed slightly, offsetting declines in eggs and butter.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended March 22, 1958, decreased 4% below the like period last year. In the preceding week March 15, 1958 a decrease of 1% was reported. For the four weeks ended March 22, 1958 an increase of 1% was reported. For the period Jan. 1, 1958 to March 22, 1958 a decrease of 2% was recorded below that of 1957.

Retail trade sales volume in New York City last week increased 12 to 15% above the level of the preceding week.

Easter buying and delayed demand due to snowstorms of recent weeks were given by trade observers as the principal reasons for the better showing a week ago.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended March 22, 1958 declined 6% below that of the like period last year. In the preceding week, March 15, 1958 an increase of 9% was reported. For the four weeks ended March 22, 1958, an increase of 6% was registered. For the period Jan. 1, 1958 to March 22, 1958 an increase of 1% was registered above that of the corresponding period in 1957.

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The Security I Like Best

that a heavy temporary burden must be shouldered, for which compensation is deferred. It would appear logical to anticipate a substantial improvement in Market Basket earnings because these numerous recent additions were, in the aggregate, much less profitable in 1957 than they should be in the current and future years. Furthermore, the expenses of opening only two stores in '58 will be quite small relative to such similar outlays in '56 and '57.

The financial condition of the company at the close of 1957 was strong. No bank loans were outstanding and long-term debt of $1,690,150 was only 36% of net working capital amounting to $4,636,300, indicating a high degree of liquidity. There are no present plans for public financing in 1958.

Long-term appreciation potential of this stock is revealed by the following table of sales, number of stores, earnings per share, and dividends:

TABLE

Year	Sales ($ Million)	No. Stores at Year End	Earned Per Share	Cash Dividend	Stock Dividend
1957	81.6	41	1.59	.70c	3%
1956	77.7	38	1.50	.70	2%
1955	66.3	32	1.58	.70	--
1954	58.1	30	1.34	.60	--
1952	43.7	*27	.93	.40	--
1950	28.0	*27	.82	.40	--
1945	10.3	*27	.35	.17	--

*(An interesting highlight of Market Basket's history is revealed by the constant number of stores in operation from 1945 to 1952. One might think that there had been no change in this era, but that is far from the truth. In 1945 the chain consisted of 27 small neighborhood stores of a type which has become obsolete. In 1946 and for several years thereafter the company closed an average of three obsolete stores, and at the same time added an equal number of the newly designed air-conditioned supermarkets, which created a sensation at the time. By this process Market Basket has now become one of the nation's most impressively well-equipped and architecturally pleasing chains.)

In the discussion preceding the Table, three powerful current factors were presented which could combine in 1958 to thrust earnings upward from the $1.50-$1.59 plateau of '55 through '57. Looking farther ahead, Market Basket management has acquired leases on a number of strategic future locations, implementing a policy of continued expansion. Present management of Market Basket is the same experienced, skillful team which has built the business from annual sales of about $20 million to a current rate of around $88-$90 million in the past decade.

In brief summary, Market Basket is "the security I like best" because the company has reached a phase in its pattern of long-range expansion that should be highly rewarding to stockholders. A big crop of stores planted in recent years is about to ripen. The harvest should commence in 1958 and continue for several years.

$14 Million Edmonton Debentures Offered For Investment

Underwriting syndicate headed by First Boston Corp. and Dominion Securities Corp.

An investment banking group headed jointly by The First Boston Corporation and The Dominion Securities Corporation made public offering on April 3 of a total of $14,000,000 of The City of Edmonton, Province of Alberta, Canada sinking fund debentures.

The issues consist of $2,000,000 in 4% sinking fund debentures, due April 15, 1963, which are priced at 98.875, and $12,000,000 in 4¾% sinking fund debentures, due April 15, 1983, which are priced at 97.50.

The debentures are direct and general obligations of the city. Proceeds from the sale of the smaller issue will be applied to the cost of local improvements such as streets, sidewalks and street lighting, or for the repayment of bank loans incurred for such purposes. Proceeds from the sale of the larger issue will be applied to the cost of electric light extensions, power plant, telephone, waterworks, sewers and sewage disposal plant, street paving, library, health clinic and hospital, parks and zoo, and bridge and traffic lights or to the repayments of bank loans incurred for such purposes.

The debentures due April 15, 1963 are not redeemable for other than sinking fund purposes. Those due April 15, 1983 will be redeemable at the option of the city on or after April 15, 1968 at redemption prices ranging from 102% to 100% and prior to that time only for sinking fund purposes. Both issues are entitled to an annual sinking fund commencing April 15, 1959 calculated to retire, at 100% of their principal amounts, all the debentures due 1963 and all the debentures due 1983, by maturity.

The City of Edmonton, Capital of the Province of Alberta, is located on the North Saskatchewan River not far south of the geographical center of the Province. Its location is approximately 310 miles north of the Alberta-Montana boundary line, 770 miles northeast of Vancouver and 800 miles west of Winnipeg. Edmonton, with a present estimated population of 250,000 in the city proper, is the sixth Canadian city in population and the largest in the Province of Alberta.

Columbine Adds Four

(Special to The Financial Chronicle)

DENVER, Colo. — Leonard N. Bestgen, Russell W. Horton, Elvin R. Ingram and Lloyd E. Mercer have been added to the staff of Columbine Securities Corp., 1575 Sherman.

Dominick Adds to Staff

Carl M. Hess has joined Dominick & Dominick, 14 Wall Street, New York City, members of the New York Stock Exchange, as oil analyst in the research department..

Three With Hathaway

(Special to The Financial Chronicle)

DENVER, Colo.—W. F. Hinman, Victor L. Masters and Richard S. McCrudden have become affiliated with Hathaway Investment Corp., 900 South Pearl Street.

With Bache & Co.

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Ralph P. Herron has become associated with Bache & Co., Dixie Terminal Building. He was formerly with Merrill Lynch, Pierce, Fenner & Beane and Hill & Co.

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Can Government Spending Stabilize the Economy?

government fiscal policy to be neutral. Even when government expenditures remain constant, they nevertheless exert a strong impact on economic activity, and changes upward or downward in the volume of government spending inevitably have a marked effect on both prices and output. We are living today in an economy which is greatly influenced by government spending and taxing programs—an economy in which government fiscal policy is every bit as important as government monetary policy in stabilizing, or in unstabilizing, business activity and prices.

Government fiscal policy, if properly used, can exercise a stabilizing effect on the economy. Some aspects of government finance automatically have such an effect. What have come to be called the "built-in stabilizers" tend to maintain private incomes during a business downturn and curb spending during a boom. The built-in stabilizers cannot do the whole job. From time to time, therefore, the government is faced with a situation in which private spending and private output have fallen well below the maximum capacity of the economy. Under these circumstances, positive action by the government in the form of tax reduction or increased Federal purchases can take up the slack in business activity, thus carrying the economy along until the business adjustment is completed and private spending once again rises.

Advocates Counter Cyclical Spending

If government fiscal policy is to be a truly stabilizing force and not simply a one-way street to inflation, the government must be just as prompt in cutting back its expenditures during boom times as it is in increasing them during recession. Ideally, the government thus would become a balance wheel, smoothing out the inflationary surges and the deflationary dips and permitting business activity to move forward more steadily and more smoothly than would otherwise be possible.

The situation I have been describing is what *could* happen—it is the way in which government fiscal policy is supposed to work. Unfortunately, the real world often doesn't follow the economic textbooks. Let's see what *monetary* policy and *fiscal* policy have contributed to economic stability since World War II.

The record of monetary policy is a mixed one. From the end of World War II up to 1951, the Federal Reserve was more concerned with supporting the price of government securities than with stabilizing the economy. During this period of domination by the Treasury, the Federal Reserve permitted its open market operations to become an engine of inflation. Monetary policy became an unstabilizing, rather than a stabilizing, force.

Since the Federal Reserve-Treasury accord of 1951, however, monetary policy, even in hindsight, has been remarkably good. Restraint has been applied to curb inflationary booms and the money and capital markets have been eased to assist recovery from business downturns. We still have much to learn about the proper use of monetary policy, but there is no question that the policies of the Federal Reserve since 1951 have made a contribution to stability of prices and output.

When we turn to the record of government fiscal policy, a completely different story emerges. During the postwar period, major changes in Federal Government spending have been almost invariably an unstabilizing, rather than a stabilizing, influence. Consider, for example, the three postwar recessions.

Assails Unstabilizing Spending

In 1948, just before the first postwar recession, Federal Government expenditures were rising, contributing to the pre-recession boom and inflation. As the recession got underway in 1949, momentum kept government spending rising for a while, but Federal Government orders were cut back just when they were needed most. By the time the recession was in full swing, expenditures by the Federal Government were declining and they continued to decline throughout the remainder of the business adjustment. Fiscal policy at the time of the 1949 recession thus made little contribution to stability and may, in fact, have prolonged the recession.

That was the 1948-49 adjustment. Now look at the 1953-54 recession. Here again the Federal Government reduced its expenditures beginning with the onset of the business contraction and continued to cut back spending throughout the whole recession. From the middle of 1953 to the end of 1954, Federal Government purchases of goods and services were reduced by the very large sum of $15 billion. It is true that income tax rates were cut at the beginning of 1954 and this did stimulate consumer spending, but the amount of the tax cut was in the neighborhood of $4 billion, which did not go very far toward offsetting the $15 billion reduction in government buying.

More recently, in 1956 and the first half of 1957 when the economy was booming and prices rising, the government increased the rate of its expenditures by over $4 billion—thus intensifying inflationary pressures. Then, as business began to turn down in the third quarter of 1957, a severe cutback was imposed on government orders and expenditures.

Government fiscal policy in the whole postwar period has been characterized by almost unbelievably poor timing, and in fact by an apparent disregard for the tremendous impact which changes in government expenditures have on the economy. It is remarkable that the private economy has borne up so well under the unstabilizing onslaught of this irrational use of fiscal policy.

The impact of fiscal policy is too great to be ignored. Fiscal policy necessarily always will be a stabilizing or an unstabilizing influence.

The need for more intelligent use of the economic techniques at our disposal is even more pressing today, partly because of the business adjustment we are now experiencing and even more importantly because of the problems which I believe will face us in 1959 and subsequent years. Let me discuss the fiscal policy problems in connection with—first, the immediate business situation in 1958, and second, the business and price situation in 1959 and the years thereafter.

The immediate fiscal policy problem facing us in 1958 is that of using government spending and taxing to assist recovery from the present business recession. I do not believe it would have been sound fiscal policy for the government to have attempted to prevent entirely the current business adjustment. At times adjustments are needed in the economy, and neither fiscal nor monetary policy should be used to forestall or completely push off these adjustments. Some aspects of this adjustment are desirable and will contribute to the long-run health of the economy. An important one of these is the restoration of a greater degree of competition, a greater incentive to improved production and distribution techniques, and a greater realization that our economic system exists to serve the consumer.

Advocates Stepped-up Spending

While it would have been a mistake to use either monetary or fiscal policy in an attempt to prevent the current adjustment, both of these techniques should be used to ensure that the adjustment does not become cumulative. Sound fiscal policy dictates a rapid stepping up in government defense orders and in government spending during the first half of this year. In fact, a much more rapid acceleration than has actually occurred would be justified, provided that the government stands ready to be just as prompt in reducing its orders and spending once a high rate of business activity is reestablished. Three important advantages would flow from an acceleration in government expenditures at present:

(1) Business activity, already receptive to an upturn, would be given a substantial lift, so that by year-end full operation of the economy would be reestablished.

(2) We would secure badly needed defense goods at relatively lower real cost. If presently idle manpower and plant were used to produce these goods, the real cost would be much lower than if the orders were delayed until later when the economy is already fully employed.

(3) If more defense goods are secured in 1958, it will be possible to hold government spending in 1959 to a somewhat lower level than would otherwise be necessary. There is real danger that the 1959 situation may be seriously inflationary. Anything which can be done now to make possible lower government spending in later years will have the two-fold advantage of stimulating business at present and curbing inflation in the future. *It follows that we should avoid at all costs the type of public works program which is slow getting underway, will contribute nothing to the stimulation of business at present and will compound inflationary difficulties in the future.*

Also Calls for Tax Cut

In addition to an acceleration of defense projects already underway, the present situation calls for a substantial across-the-board cut in income taxes. The corporate income tax rate should be reduced somewhat, and individual income tax rates should be reduced by an average of 5 to 10%. The resultant stimulation would be immediate. It would constitute infinitely sounder fiscal policy than the slow-moving public works projects which are now being proposed under the guise of anti-recession measures.

Although there is need for accelerated action, it is heartening to realize that, for the first time in the postwar period, government expenditures are now being used as a stabilizing force during a business recession. The only serious defect in current use of fiscal policy is the confusion between long-term and short-term projects. Slow-starting long-term public works projects are not anti-recessionary, and will present serious taxation and inflation problems for the future.

The 1959 Situation

Now turning to 1959 and beyond—an important fiscal policy problem will be to meet the rapidly expanding defense needs of the nation without succumbing to the ever-present threat of destructive inflation.

By the middle of 1959, the total output of goods and services of the U. S. economy will be running at an annual rate of between $455 and $460 billion. Of this total, the Federal Government will be purchasing about $55 billion, or 12% of national output. Beyond 1959 let us consider the rise in government spending which will be probable if the defense program is to be accelerated at the rate which now seems most likely.

No one knows at this stage just how much money will be required to provide an adequate defense for the United States and for the free world. But responsible estimates indicate that defense expenditures may have to be increased by $2 billion cumulatively per year during the next five years. Non-defense spending — which includes Federal grants for the highway program and urban renewal, Federal assistance to education, losses under the farm price program, reclamation projects, and various other public works, in addition to all the normal costs of running the government—is also likely to increase by a minimum of a billion dollars a year.

This means that total Federal government expenditures will probably rise by at least $3 billion a year cumulatively over the coming five years. I am not here evaluating the desirability or necessity of such an increase, but simply stating that it is likely to occur. If it does occur, the proportion of our total output going to the Federal government will begin to rise. Now, what does that mean?

Inevitable Spending Rise

During the years ahead, the real output of our economy can be expanded by about $19 billion a year at the maximum as the result of the growth of our labor force and improved productivity made possible through more and better capital equipment. Of this increase of $19 billion in real output, the Federal government will absorb at least $3 billion, or almost 16%, compared to 12% which is the present share of the Federal government in national output. It is clear, therefore, that not only will government spending be rising, but it will be rising faster than national output so that the Federal government will be getting more, and private purchasers less, of our total output. When we add to this trend the further probability that state and local government expenditures will also be rising faster than national output, the fiscal policy problem in the years ahead begins to assume major importance.

The major problem is how to pay for these government expenditures—not simply in money, but in terms of real goods and services. If both the Federal government and the state and local governments are to secure an increasing share of our national output, some means must be found to reduce the private share of real goods and services. What are the various ways in which goods and services can be taken away from private consumers and allocated to the government?

First, there is the method which has been employed all too frequently in the past — deficit financing through the banking system. We create new money, give it to the government, and the government uses it to outbid private consumers for the available supply of goods and services. The government thus would secure its larger share of goods and services through inflation — through reducing the purchasing power of private consumers, by curtailing the value of their money. This method would in effect impose a tax—but a particularly inequitable tax — on all private purchases. And since the price of goods and services to the government would also rise, it would require a continual upward revision in government spending estimates, followed in turn by the need for further deficit financing and further inflation. The inflationary method is the path of least resistance, but it is also the path which would most clearly violate sound fiscal policy.

A second method of reducing private consumption would be deficit financing by the government accompanied by a substantial increase in private saving. If private individuals voluntarily reduced their consumption and delivered more of their incomes to the government in exchange for government securities, this would shift a rising share of real output to government without causing inflation. There is much to be said for this method—there has in fact been a chronic savings shortage in the United States. Unfortunately, there is little likelihood that saving can be increased sufficiently in the years ahead to completely finance the sort of deficit which the government is likely to incur.

Prefers Increased Taxation

The remaining method of increasing the government's share in our real output during the coming years is through increased taxation. I have long argued that personal income tax rates are already too high. They are seriously damaging incentives to produce and to innovate. But the defense program is going to be paid for — if not through direct taxation then through indirect, and highly unjust, taxation by inflation. Faced with this choice, I believe it is sound fiscal policy and wise social policy to meet the problem directly, by applying such new or higher taxes as are necessary and unavoidable. Once again, I am discussing the problem as I see it over the next five years. A tax rise in 1958 would be the poorest kind of policy, and a temporary tax cut, to my mind, would be sound procedure. But in 1959 and beyond, we will have to face up to the real burden of expandng government programs in an already full economy. These government programs either must be cut back, or we must admit openly, and assume directly, the real sacrifice which paying for them will entail. It is pleasant to imagine that we can continuously plan for more guns *and* more butter, but there are limits to the productive capacity even of the American economy. If we are unwilling to cut back non-defense government expenditures as defense expenditures unavoidably rise, then there simply must be some reduction in the share of our total output which can be devoted to private consumers.

Our present plant and our present labor force represent an excess of productive capacity only in a very temporary sense. Productive capacity is excessive only in relation to current depressed demand. I expect the economy to be fully employed a year from now, and to have its productive capacity tested to the fullest in the years beyond. The major problem of the next five years will not be over-capacity, but inflation.

Conclusion

We have recently begun to learn the importance of sound *fiscal* policy, just as we earlier learned the importance of intelligent *monetary* policy—and this is good, because fiscal policy can be one of the strongest and quickest stabilization techniques available to the government. There is also growing evidence of increased economic responsibility in government — of bipartistan agreement on at least the basic principles which should guide government in the use of stabilization techniques. In the future, we must make prompter and more intelligent use of fiscal policy in dampening down inflationary booms and in easing periods of business recession. We must also have the courage to face up to long run fiscal policy problems, such as the expanding defense program, and meet them frankly, rather than deviously through inflation.

The private sector of the economy under a free enterprise system provides the drive and dynamism which has made our type of economic system so successful and so productive. I believe that sound and intelligent use of government fiscal policy can add stability to the economy while at the same time preserving its freedom and vitality.

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Impact of Monetary Policy Change On Savings and Loan Assns.

their income to repay previously contracted debt.

Outlook for Interest Rates

The end of credit restraint and the growing availability of funds at lower costs will have significant, stimulating effects on several areas in the economy.

The upward swing in bonds, set in motion by the first cut in the discount rate, was so sharp that the performance looked more like that of a stock market than a bond market. In fact, there were gains of up to 10 points in two months on top-grade corporate bonds. This lower price and increased availability will be an important factor in the decision of corporations on automation, other plant and equipment expenditures, and on expansion, in general.

Of special interest to lenders on homes, the decline in the cost of municipal borrowing will enable state and local government borrowing, which rose sharply from $5.4 billion in 1956 to $6.8 billion in 1957, to expand even more to meet the urgent and growing needs for community facilities such as sewers, water, schools, hospitals, streets, etc. This will mean increased spending for public works, which will certainly be helpful in 1958.

But the backlog of new bond issues awaiting their turn to be sold in the market is quite high, in fact, at record levels in some fields. Likewise, there is a considerable amount of corporate borrowing from banks which will be shifted to the bond market as interest rates become more attractive. So, don't expect much more fireworks in the long-term bond market for a while.

Short-Term Money Market

In the short-term, or money, market, commercial paper dealers cut the rates on commercial paper six times during the first six weeks of the year, down to 2%-2⅜%. In the same fashion, the market yield on Treasury bills dropped from 3.58% last October to 1.55% in February and even lower since. Also, the reduction in the prime rate and the increased availability of such money will ower the costs of large borrowers and enable them to follow more normal inventory and accounts receivable policies.

Mortgage money is slowly becoming more available; but considerable time-lag must be expected here. In 1953, for example, although there was a sharp reversal in credit policy and a massive creation of reserves by the Federal Reserve banks, mortgage money did not become readily available until early 1954, and it was August 1954, before rates on conventional loans had declined one-quarter to one-half per cent and before the discounts on Federally underwritten loans had been consequentially reduced.

In this connection, keep in mind that the insurance companies and savings banks no longer have large holdings of government bonds they can sell and invest the proceeds in mortgages, as they did in 1954. In fact, the investment of new mortgages by life insurance companies declined in 1957 for the first time in five years, their total of $5.2 billion being considerably under their record figure of $6.7 billion in 1956. Moreover, increased demand for policy loans and reduced repayments on such loans, and a marked slowing down in prepayments and payoffs of mortgages indicate that there will be less insurance money available for mortgages in 1958 than even the reduced amount of 1957.

Summarizing the outlook for interest rates, most of the action in the long-term market has been based on anticipation rather than actual changes in monetary and capital conditions. Moreover, some of this anticipation is not even yet fully justified by changes in the credit base and related factors. So, although the trend is down, further action in the long-term market will be slower than in recent months.

As for the short-term market, the trend is definitely downward; and the extent and the rapidity of the further decline will depend on the further action taken by the Federal Reserve authorities to counter the decline in business activity.

The Outlook for Inflation

The fact that our political leaders, our labor leaders and many of our business leaders insist on a resort to further inflation to stop the decline in business is indeed discouraging. But it is a very real fact with which the responsible heads of your financial institutions must come to grips. The growing proportion of non-working to working population, the growing proportion of workers in service industries where productivity is very difficult to increase (yet, they must have increases to keep up to those in production!), and the growing number of people who think that we can have more missiles, bigger welfare programs, and all the good things of life simultaneously, through the miracle of ever-greater credit expansion, make inflation the greatest danger of our time. The current slackening in business must not cause bankers to overlook the reality and the imminence of this threat to our way of life.

Basic Policy on Inflation

What can you do to protect savers and institutions from the ravages of inflation, other than fight it at every opportunity?

The first thing is to recognize it for what it really is. Instead of succumbing to the it-can't-happen-here-lotus-eater type of philosophy, face up to the fact that "creeping" inflation inevitably changes to "galloping" inflation if pursued long enough. More and more people borrow more and more money to buy more and more things, whether needed or not, before the price goes up. This is true not only of individuals but also of corporations and governmental units. The inevitable fruit of inflation is more spending and less saving. Prices get beyond the reach of those living on fixed incomes, which undermines the market at a very critical time, as supply has been greatly expanded to met an apparently insatiable demand. This breaks the inflationary bubble and the upward trend comes to an end, unless inflationary wage increases in excess of productivity increases, government deficit financing, or other inflationary measures give us another shot of "the hair of the dog that bit" us.

This means that bankers must be prepared for wider and wider swings in business and financial factors as inflation more and more becomes a way of life. This is necessary because "galloping" inflation ultimately, but also inevitably, leads to a collapse or a sharp decline in business activity.

So, don't sacrifice strength for income. Instead of inflation bailing you out on all mistakes in appraising, in payment of too high rates on savings, in failing to give due weight to character risk on loans, and in the many other chances lenders can take, but shouldn't, it will only compound the problem.

Need for liquidity will be greater under such conditions of inflation than under more normal growth.

Give greater weight to the probable tax burden under such inflationary conditions. Keep in mind that even under present conditions, Federal cash payments alone in fiscal 1959 are projected at $86.7 billion. Adding to this an additional $50 billion of spending by the 102,000 state and local government spending units and their agencies, you can see that government on all levels is planning to take around 31% of the Gross National Product in 1959!

Also recognize that much of what people have begun to consider normal in business in the postwar period was merely a catching up with the shortages caused by our greatest depression in the '30s, and World War II.

Keep in mind that one of the important elements in the overall demand for housing in recent years has been the great, unprecedented shift from the farms to the cities. Our 1957 farm population of 20,396,000 is 4,662,000 less than it was as late as 1950, which indicates that more than 5,000,000 people (making allowance for normal increase) came to the cities in that seven-year period, and added just that much to the demand for housing. Obviously, this rate cannot continue indefinitely — we are getting too close to the bottom of the barrel in country population.

Conclusions

My conclusions are very short. They center on the disturbing fact that the readjustment will not be permitted to run its course, and that the easy money and deficit financing being prescribed to cure it will, despite the determined efforts of the Federal Reserve authorities, renew the danger of inflation.

The change in credit policy has thus brought real problems to savings and home mortgage institutions. In particular, inflation must not be relied on as a cure-all for unwise or careless policies and practices. On the contrary, the adverse effects of inflation on saving, spending, and business stability necessitate greater liquidity, greater caution, more able leadership and harder work for all hands in savings and home mortgage lending in the days ahead.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Treasury announced late yesterday (April 2) that its much-awaited April new money financing will consist of an offering of $3,500,000,000 2⅝% Treasury notes, due Feb. 15, 1963. Announcement of the terms of the issue came as somewhat of a surprise to some money market specialists whose thinking as to the type of maturity ranged all the way from a strictly one-year obligation to a package offering to include either a 7-year or even a 10-year maturity. In any event, there's no gainsaying the fact that the new issue is tailored to meet with the requirements of the commercial banks.

Cut in Prime Bank Rate Presaged

The downward trend in the yield of short-term Government securities, as evidenced by the smaller return on Treasury bills and the continued decrease in bankers acceptances and commercial paper rates, in the opinion of some money market specialists, are the forerunners of another decline in the prime bank rate. The successive decreases in the discount rate has tended to bring down the cost of obtaining funds, even though the cuts in the Central Bank rate have been mainly psychological. It is a well known fact in money market circles, however, that the course which is followed by the discount rate indicates the policies that are being pursued by the powers that be. When a lowering of the Central Bank rate is followed by another cut in the discount rate, this is generally taken to mean that the monetary authorities are giving confirmation to a program of continued ease in money conditions. On the other hand, when the discount rate is being advanced, this is usually a confirmation that tightening money market conditions are to be anticipated.

Conditions Suggest Further Cut in Bank Reserves

One of the earlier downward revisions in the discount rate brought with it a cut in the prime bank rate from 4½% to 4%. Money market conditions were not as easy at that time as they are now. Since the aforenoted decrease in the prime bank rate, the Central Bank rate has gone down to 2¼%, the reserve requirements of the member banks of the Federal Reserve System have been reduced twice by ½ of 1%. Even in spite of the first, and now the impending (second) new money raising operation of the Treasury, the money market has been and is very likely to continue to be on the side of ease. As long as the economy is definitely on the defensive there is not going to be anything but favorable money market conditions.

Therefore, it is not unusual to find money market specialists who hold the opinion that the not distant future will witness another decrease in the funds which the member banks of the Federal Reserve System keep with the Central Banks.

Continued Money Ease Foreshadowed

There appears to be very little doubt but that the action of the monetary authorities, in allowing the discount rate to be reduced several times and its decrease in the reserve requirements of the member banks of the system, is registering the intent at least of making money market conditions easy enough to take care of the needs of the Treasury. Also, these money easing moves on the part of the powers that be, will likewise leave some funds available for the private sector of the economy so that their needs will be taken care of in some measure.

This pressure towards lower interest rates and a more ample supply of credit by the monetary authorities appears to be making it more difficult for the commercial banks to maintain the prime bank rate at its current level. It seems as though the powers that be are very desirous of having the entire loan rate structure brought down, and the trend in that direction is usually set by a reduction in the rate charged by the commercial banks to its prime credit risks.

Loan Decline to Accelerate

The lessened demand for loanable funds from business enterprises is expected in some quarters to be considerably in excess of the 13% decline predicted in certain sections of the financial district. The fact that expenditures for the expansion of plant and equipment will take less money this year than was true in 1957, will make more funds available for other purposes. For the moment, reports appear to indicate that a sizable amount of these funds are being put to work in the most liquid Treasury obligations.

Morgan Stanley Group to Offer Commonwealth of Australia Bonds

Howard Beale, Australian Ambassador to the United States, said that Sir Arthur Fadden, Treasurer of the Commonwealth of Australia, has just announced that the Commonwealth is filing a registration statement today (April 3) with the Securities and Exchange Commission covering $25,000,000 of 15-year bonds. The issue will be underwritten by a group of investment firms headed by Morgan Stanley & Co. Public offering of the bonds is expected to be made about April 22.

The proceeds of the issue will be used to finance various public works projects throughout the Commonwealth of Australia. The bonds will not be redeemable until 1968 except for the sinking fund. The sinking fund is calculated to retire about 50% of the issue before maturity.

The last previous sale of bonds of the Commonwealth in the United States market was an offering of $20,000,000 15-year 5% bonds in March, 1957.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

★ Adams Engineering Co., Inc., Miami, Fla. (4/21-25)
April 1 filed $2,000,000 of 6½% convertible sinking fund debentures, due 1968, and 250,000 outstanding shares of class A common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — From debentures—to retire indebtedness due on first mortgage on plant and equipment and to repay other debt; and for new construction, equipment, and other corporate purposes. The shares of common stock are to be sold for selling stockholders. **Underwriter**—Cruttenden, Podesta & Co., Chicago, Ill.

Aeronca Manufacturing Corp.
Feb. 10 (letter of notification) 5,000 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To go to selling stockholder. **Office**—Germantown Road, Middletown, Ohio. **Underwriter**—Greene & Ladd, Middletown, Ohio.

Aluminum Co. of America (4/11)
March 14 filed $125,000,000 of sinking fund debentures due 1983. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for expansion program. **Underwriter**—The First Boston Corp., New York.

• American Can Co. (4/9)
March 21 filed $80,000,000 of 30-year debentures due 1988. **Price**—To be supplied by amendment. **Proceeds**—To redeem $40,000,000 of its outstanding debt and for working capital. **Underwriters**—Morgan Stanley & Co. and Clark Dodge & Co., both of New York.

American-Caribbean Oil Co. (N. Y.)
Feb. 28 filed 500,000 shares of common stock (par 20¢). **Price**—To be supplied by amendment. **Proceeds** — To discharge current liabilities and to drill ten wells. **Underwriters**—To be named by amendment.

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 trust notes and construction loans. Company may develop shopping centers and build or purchase office buildings. **Office** — 900 Woodward Bldg., Washington, D. C. **Underwriter** — None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

Anderson Electric Corp.
Dec. 23 (letter of notification) 14,700 shares of class B common stock (par $1). **Price**—$12 per share. **Proceeds**—To go to selling stockholders. **Office** — 700 N. 44th Street, Birmingham, Ala. **Underwriters** — Cruttenden, Podesta & Co., Chicago, Ill.; and Odess, Martin & Herzberg, Inc., Birmingham, Ala.

Anita Cobre U. S. A., Inc., Phoenix, Ariz.
Sept. 30 filed 85,000 shares of common stock. **Price**—At par ($3.75 per share). **Proceeds**—For investment in subsidiary and working capital. **Underwriter**—Selected Securities, Inc., Phoenix, Ariz.

Atlantic City Electric Co. (4/23)
March 19 filed $10,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and Drexel & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly); Lee Higginson Corp.; Kuhn, Loeb & Co.; American Securities Corp. and Wood, Struthers & Co. (jointly). **Bids**—Tentatively expected to be received on April 23.

Atlantic City Electric Co. (4/16)
March 19 filed 50,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans and for construction program. **Underwriters**—Eastman Dillon, Union Securities & Co. and Smith, Barney & Co., both of New York.

Atlantic City Electric Co. (4/16)
March 19 filed 120,000 shares of common stock (par $6.50). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters** — Eastman Dillon, Union Securities & Co. and Smith, Barney & Co., both of New York.

★ Australia (Commonwealth of) (4/22)
April 3 (today) a registration statement is expected to be filed with the SEC covering $25,000,000 of 15-year bonds. **Price**—To be supplied by amendment. **Proceeds**—To finance various public works projects. **Underwriter**—Morgan Stanley & Co., New York.

Avionics Corp. of America (4/7)
March 14 (letter of notification) 99,125 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For repayment of construction loan and for working capital. **Office**—Belfield & Wister Sts., Philadelphia, Pa. **Underwriter**—Milton D. Blauner & Co., New York, N. Y.

★ Bakery Drivers Real Estate Corp.
March 31 (letter of notification) 1,500 building bonds due Jan. 2, 1968 to be offered only to members of Local 802. **Price**—At par ($100 per bond). **Proceeds**—To erect a building. **Office**—240 W. 14th Street, New York, N. Y. **Underwriter**—None.

Bankers Fidelity Life Insurance Co.
Feb. 28 filed 258,740 shares of common stock (par $1), of which 125,000 shares are to be offered publicly and 133,740 shares to employees pursuant to stock purchase options. **Price**—To public, $6 per share. **Proceeds**—For expansion and other corporate purposes. **Office** — Atlanta, Ga. **Underwriter**—None.

Bankers Management Corp. (4/17)
Feb. 10 filed 400,000 shares of common stock (par 25 cents.) **Price**—$1 per share. **Proceeds**—To reduce outstanding indebtedness and for working capital. **Office**—Houston, Texas. **Underwriter** — McDonald, Holman & Co., Inc., New York.

★ Belgian Congo (4/16)
March 27 filed $15,000,000 of 15-year external loan bonds due April 1, 1973. **Price** — To be supplied by amendment. **Proceeds** — For construction of buildings and facilities. **Underwriter** — Dillon, Read & Co., Inc., New York.

Bishop Oil Co., San Francisco, Calif.
Feb. 27 filed 112,565 shares of common stock (par $2) to be offered for subscription by common stockholders on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For reduction of bank loans, expansion and general corporate purposes. **Underwriter**—Hooker & Fay, San Francisco, Calif. **Offering**—Has been deferred.

Blacksmith Shop Pastries Inc., Rockport, Mass.
Sept. 17 (letter of notification) $100,000 of 6½% debentures dated Sept. 16, 1957 and due Sept. 15, 1972 and 40,000 shares of capital stock (par $1) to be offered in units of one $50 debenture and 20 shares of capital stock. **Price**—$90 per unit. **Proceeds**—To retire mortgage notes and for working capital. **Underwriter**—Mann & Gould, Salem, Mass.

★ Broad Street Investing Corp., New York
March 28 filed (by amendment) an additional 600,000 shares of capital stock (par $1). **Price**—$22.26 per share. **Proceeds**—For investment.

• Brunswick-Balke-Collender Co.
March 11 filed $8,593,200 of 15-year 4¾% convertible subordinate debentures due April 1, 1973, being offered for subscription by common stockholders of record April 2, 1958 at the rate of $100 of debentures for each 18 shares of stock held; rights to expire on April 16. **Price**—At 100% of principal amount. **Proceeds**—For working capital. **Underwriters**—Lehman Brothers and Goldman, Sachs & Co., both of New York.

Campbell Chibougamau Mines Ltd.
March 10 filed 606,667 shares of capital stock (par $1), of which 506,667 were issued in connection with the acquisition of all the assets of Yorcan Exploration Ltd. (latter proposes to distribute said shares ratably to its stockholders of record Dec. 16, 1957). The remaining 100,000 shares are to be sold for the account of the Estate of A. M. Collings Henderson on the American and Toronto Stock Exchanges. **Price**—At market. **Proceeds**—To selling stockholders. **Office**—Toronto, Canada. **Underwriter**—None.

★ Central Hudson Gas & Electric Corp.
April 1 filed $18,000,000 of first mortgage bonds, due 1988. **Price**—To be supplied by amendment. **Proceeds**—To repay short-term notes and for new construction. **Underwriter** — To be named by amendment (probably Kidder, Peabody & Co., New York).

Central Mortgage & Investment Corp.
Sept. 12 filed $5,000,000 of 20-year mortgage bonds and 500,000 shares of common stock (par five cents) to be offered in units of $100 of bonds and 10 shares of stock. **Price**—$100.50 per unit. **Proceeds**—For purchase of first mortgages or to make first mortgage loans and for construction business. **Office**—Miami Beach, Fla. **Underwriter**—Aetna Securities Corp., New York. **Offering**—Date indefinite. Statement effective March 12.

Chess Uranium Corp.
May 14 (letter of notification) 600,000 shares of common stock (par $1—Canadian). **Price**—50 cents per share (U. S. funds). **Proceeds**—For exploration costs, etc. **Office**—5616 Park Ave., Montreal, Canada. **Underwriter**—Jean R. Veditz Co., Inc., 160 Broadway, New York.

Commerce Oil Refining Corp.
Dec. 16 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commonwealth Edison Co. (4/15)
March 20 filed $50,000,000 of first mortgage bonds, series T, due March 1, 1988. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co. **Bids**—To be received up to 10:30 a.m. (CST) on April 15 at 72 West Adams St., Chicago 90, Ill.

Consolidated Edison Co. of N. Y., Inc. (4/22)
March 3 filed $50,000,000 of first and refunding mortgage bonds, series O, due April 1, 1988. **Proceeds**—To retire short-term bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—To be received by company up to 11 a.m. (EST) on April 22.

Continental Mining & Oil Corp.
Dec. 9 (letter of notification) 250,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—1500 Massachusetts Avenue, N. W., Washington, D. C. **Underwriter**—E. L. Wolfe Associates, 1511 K St., N.W., Washington, D. C.

★ Cooperative Trading, Inc., Waukegan, Ill.
March 26 (letter of notification) 10,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—To pay outstanding indebtedness and to improve facilities for retail sale of food and for working capital. **Underwriter**—None.

★ Copper Research Associates, Inc.
March 28 (letter of notification) 1,600 shares of common stock (no par). **Price**—$100 per share. **Proceeds**—To repay current short-term loans; for purchase of the Camden Paint Mfg. Co. plant and other corporate purposes. **Office**—728 Market St., Camden, N. J. **Underwriter**—None.

Counselors Research Fund, Inc., St. Louis, Mo.
Feb. 5 filed 100,000 shares of capital stock, (par one cent). **Price**—At market. **Proceeds**—For investment. **Underwriter** — Counselors Research Sales Corp., St. Louis. Robert H. Green is President.

Cubacor Explorers, Ltd.
Oct. 28 (letter of notification) 600,000 shares of common stock (par $1-Canadian). **Price**—50 cents per share-U. S. funds. **Proceeds** — For exploration and drilling costs. **Office** — Suite 607, 320 Bay St., Toronto, Ont., Canada. **Underwriter**—Stratford Securities Co., Inc., 135 Broadway, New York. **Offering**—Postponed indefinitely.

★ Cuban-Venezuelan Oil Voting Trusts, Havana, Cuba
March 31 filed 767,838 units of voting trust certificates, each certificate representing the ownership of one share of common stock (par one-half cent) in each of 24 Cuban companies. **Price** — To be supplied by amendment. **Proceeds**—For capital expenditures, exploration costs and other corporate purposes. **Underwriter**—None.

Daybreak Uranium, Inc., Opportunity, Wash.
Jan. 29 filed 1,156,774 shares of common stock (par 10 cents), of which 630,000 shares are to be offered for account of company and 526,774 shares for selling stockholders. **Price**—At market. **Proceeds**—For exploration and drilling costs and other corporate purposes. **Underwriter**—Herrin Co., Seattle, Wash.

Diamond Gardner Corp. (4/16)
March 25 filed $25,000,000 of sinking fund debentures due 1983. **Price**—To be supplied by amendment. **Proceeds**—To retire a $12,000,000 bank loan and for expansion and working capital. **Underwriter** — Blyth & Co., Inc., New York.

Diapulse Manufacturing Corp. of America
Jan. 29 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—276 Fifth Ave., New York, N. Y. **Underwriter**—None.

Digitronics Corp.
Feb. 12 (letter of notification) 140,000 shares of class B capital stock (par 10 cents). **Price** — $1.50 per share. **Proceeds**—For general corporate purposes. **Office**—Albertson Avenue, Albertson, Long Island, N. Y. **Underwriter**—Cortlandt Investing Corp., 135 Broadway, New York 6, N. Y.

• Directomat, Inc. (4/10-14)
March 17 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital and payment of current liabilities. **Office**—Hotel Roosevelt, Madison Ave. and 45th St., New York 17, N. Y. **Underwriters**—James Anthony Securities Corp. and Norton & Co. both of New York City; Schwerin, Stone & Co., Great Neck, N. Y.; and Mac Robbins & Co., Inc., Jersey City, N. J.

Disc, Inc., Washington, D. C.
Oct. 10 filed 400,000 shares of class A common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For investment. **Business**—Purchase and development of real property, and acquisition of stock of business enterprises. **Underwriter**—None. Irving Lichtman is President and Board Chairman.

Dixon Chemical & Research, Inc.
Dec. 24 filed 165,625 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For expansion and general corporate purposes. **Office**—Clifton, N. J. **Underwriter**—P. W. Brooks & Co., Inc.,

New York. **Offering**—Indefinitely postponed. Other financing may be arranged.

★ Dorne & Margolin, Inc.
March 27 (letter of notification) 4,500 shares of class C capital stock (par $1) to be offered for subscription by employers, officers and directors. **Price**—$10 per share. **Proceeds**—For working capital. **Office**—29 New York Ave., Westbury, N. Y. **Underwriter**—None.

Douglas Aircraft Co., Inc. (4/10)
March 21 filed $60,000,000 of sinking fund debentures, due April 1, 1978. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for working capital and expansion program. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith, and Kuhn, Loeb & Co., both of New York.

Dresser Industries, Inc.
Feb. 28 filed 128,347 shares of common stock (par 50¢) to be offered in exchange for outstanding common stock of the Elgen Corp. on the basis of one share of Dresser Industries common for 3.4 shares of Elgen's common. No exchanges will be made unless the exchange offer is accepted by the holders of at least 80% of the outstanding Elgen common, and Dresser will not be obligated to consummate any exchanges unless the offer is accepted by the holders of at least 95% of the outstanding Elgen common. **Underwriter**—None.

Duquesne Light Co. (4/9)
March 12 filed $15,000,000 of first mortgage bonds, due April 1, 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co.; Glore, Forgan & Co.; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co., (jointly); Drexel & Co. and Equitable Securities Corp. (jointly). **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on April 9.

Ethodont Laboratories, Berkeley, Calif.
Feb. 20 filed 300,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To cover operating expense during the development period of the corporation. **Underwriter**—None.

Ex-Cell-O Corp., Detroit, Mich.
Nov. 25 filed 88,000 shares of common stock (par $3) to be offered in exchange for common stock of Bryant Chucking Grinder Co. of Springfield, Va., at rate of four-tenths of an Ex-Cell-O share for each full Bryant share. Offer will become effective upon acceptance by holders of not less than 209,000 shares (95%) of all common stock of Bryant outstanding. **Underwriter**—None.

Expanded Shale Products, Inc., Denver, Colo.
Jan. 29 filed 60,000 shares of common stock (par $1) and $180,000 of 6% callable unsubordinated unsecured debenture notes due 1960-1964 to be offered in units of $600 of notes and 200 shares of stock. **Price**—$1,000 per unit. **Proceeds**—For construction of plant, working capital and other corporate purposes. **Underwriter**—Minor, Mee & Co., Albuquerque, N. M.

Famous Virginia Foods Corp.
Jan. 30 (letter of notification) 19,500 shares of common stock (par $5) and 390 common stock purchase warrants to be offered in units of 50 shares of stock and one warrant. **Price**—$500 per unit. **Proceeds**—For equipment and working capital. **Office**—922 Jefferson St., Lynchburg, Va. **Underwriter** — Whitney & Co., Inc., Washington, D. C.

Farrar Drilling Co.
Feb. 3 (letter of notification) 150,000 shares of common stock (par five cents). **Price**—$2 per share. **Proceeds**—For oil and gas drilling expenses. **Office**—316 Rogers Bldg., Mt. Vernon, Ill. **Underwriter**—Paul A. Davis & Co., Miami, Fla.

★ Federated Plans, Inc., Boston, Mass.
March 28 filed (by amendment) additional Systematic Investment Plans and Fully-Paid Plans. **Proceeds**—For investment.

Fidelity Bankers Life Insurance Corp., Richmond, Va.
March 7 filed 450,000 shares of common stock (par $1) to be offered for subscription by holders of outstanding stock on a pro rata basis; thereafter the balance remaining, if any, will be offered to the public. **Price**—$5 per share to stockholders; and to the public at a price to be determined. **Proceeds** — For expansion and other corporate purposes. **Underwrter**—None.

First International Fire Insurance Co.
Aug. 26 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For capital and surplus and for first year's deficit. **Office**—3395 S. Bannock St., Englewood, Colo. **Underwriter** — American Underwriters, Inc., Englewood, Colo.

First Leaseback Corp., Washington, D. C.
Nov. 27 filed 500,000 shares of class A common stock (par five cents). **Price** — $5 per share. **Proceeds** — To purchase properties. **Underwriter** — Whitmore, Bruce & Co., Washington, D. C

Fluorspar Corp. of America
Dec. 26 filed 470,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For exploration work and working capital. **Office** — Portland, Ore. **Underwriter**—To be named by amendment. Sol Goldberg is President.

Food Fair Stores, Inc. (4/9)
March 18 filed 100,000 shares of common stock (par $1). **Proceeds**—To selling stockholder. **Price**—To be supplied by amendment. **Underwriter** — Eastman Dillon, Union Securities & Co., New York.

★ Forest Laboratories, Inc.
March 26 filed 150,000 shares of capital stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For sales promotion of company's products, working capital, additional inventory and accounts receivable, for research and development and for other general corporate purposes. **Office**—Brooklyn, N. Y. **Underwriters**—H. Carroll & Co., Denver, Colo.; and Alfred L. Powell Co., New York.

Four Corners Oil & Gas Co., Denver, Colo. (4/21-25)
March 25 filed 400,000 shares of common stock. **Price**—$3 per share. **Proceeds**—To pay off debts and for drilling and exploration costs. **Underwriters**—Paine, Webber, Jackson & Curtis, Boston, Mass.; and Campbell, McCarty & Co., Inc., Detroit, Mich.

● Foxboro Co., Foxboro, Mass. (4/7-8)
March 18 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital, construction, and other general corporate purposes. **Business**—Manufactures industrial instruments. **Underwriter** — Paine, Webber, Jackson & Curtis, Boston, Mass.

★ Franklin Custodian Funds, Inc., New York
March 28 filed (by amendment) an additional 300,000 shares of common stock, special series. **Price**—At market. **Proceeds**—For investment.

Freeman Electric Construction Co., Inc.
Nov. 27 (letter of notification) 100,000 shares of common stock (par 10 cents) **Price**—$3 per share. **Proceeds**—To reduce accounts payable, etc., and for working capital

Continued on page 40

NEW ISSUE CALENDAR

April 7 (Monday)

Avionics Corp. of America ____ **Common**
(Milton D. Blauner & Co.) $297,375

Foxboro Co. ____ **Common**
(Paine, Webber, Jackson & Curtiss) 120,000 shares

National Manganese Co. ____ **Common**
(Johnson & Johnson) $300,000

April 8 (Tuesday)

Citizens & Sou. Natl. Bank of Savannah, Ga. ____ **Com.**
(Offering to stockholders—no underwriting) $3,000,000

April 9 (Wednesday)

American Can Co. ____ **Debentures**
(Morgan Stanley & Co. and Clark Dodge & Co.) $80,000,000

Central Bank & Trust Co. ____ **Common**
(Boettcher & Co.; Peters, Writer & Christensen Corp.; Bosworth, Sullivan & Co., and Garrett-Bromfield & Co.) $1,050,000

Duquesne Light Co. ____ **Bonds**
(Bids 11 a.m. EST) $15,000,000

Food Fair Stores, Inc. ____ **Common**
(Eastman Dillon, Union Securities & Co.) 100,000 shares

Heller (Walter E.) & Co. ____ **Common**
(F. Eberstadt & Co. and Dean Witter & Co.) 125,000 shares

Penn Dairies, Inc. ____ **Common**
(Stroud & Co., Inc.) $168,750

Seagram (Joseph E.) & Sons, Inc. ____ **Debentures**
(Harriman Ripley & Co. Inc.) $40,000,000

April 10 (Thursday)

Directomat, Inc. ____ **Common**
(James Anthony Securities Corp.; Norton & Co.; Schwerin, Stone & Co.; and MacRobbins & Co.) $300,000

Douglas Aircraft Co., Inc. ____ **Debentures**
(Merrill Lynch, Pierce, Fenner & Smith, and Kuhn Loeb & Co.) $60,000,000

General Time Corp. ____ **Common**
(Kidder, Peabody & Co. Inc.) 33,000 shares

Pacific Petroleums Ltd. ____ **Debentures**
(Eastman Dillon, Union Securities & Co.) $30,000,000

April 11 (Friday)

Aluminum Co. of America ____ **Debentures**
(The First Boston Corp.) $125,000,000

April 14 (Monday)

Industro Transistor Corp. ____ **Common**
(S. D. Fuller & Co.) 150,000 shares

New England Telephone & Telegraph Co. ____ **Debens.**
(Bids 11:30 a.m. EST) $45,000,000

April 15 (Tuesday)

Commonwealth Edison Co. ____ **Bonds**
(Bids 10:30 a.m. CST) $50,000,000

New England Electric System ____ **Common**
(Offering to stockholders—bids 11 a.m. EST) 968,549 shares

Northern Pacific Ry. ____ **Equip. Trust Ctfs.**
(Bids to be invited) about $7,600,000

April 16 (Wednesday)

Atlantic City Electric Co. ____ **Preferred**
(Eastman Dillon, Union Securities & Co. and Smith, Barney & Co.) $5,000,000

Atlantic City Electric Co. ____ **Common**
(Eastman Dillon, Union Securities & Co. and Smith Barney & Co.) 120,000 shares

Belgian Congo ____ **Bonds**
(Dillon, Read & Co., Inc.) $15,000,000

Diamond Gardner Corp. ____ **Debentures**
(Blyth & Co., Inc.) $25,000,000

Kennedy (D. S.) & Co. ____ **Common**
(W. C. Langley & Co.) 100,000 shares

Mississippi Power & Light Co. ____ **Bonds**
(Bids 11:30 a.m. EST) $15,000,000

Sierra Pacific Power Co. ____ **Common**
(Offering to stockholders) 57,362 shares

Smith, Kline & French Laboratories ____ **Common**
(Smith, Barney & Co.) 50,000 shares

April 17 (Thursday)

Bankers Management Corp. ____ **Common**
(McDonald, Holman & Co., Inc.) $400,000

April 18 (Friday)

Piedmont Natural Gas Co., Inc. ____ **Common**
(Offering to stockholders—to be underwritten by White Weld & Co.) 51,183 shares

April 21 (Monday)

Adams Engineering Co., Inc. ____ **Debentures**
(Cruttenden, Podesta & Co.) $2,000,000

Adams Engineering Co., Inc. ____ **Common**
(Cruttenden, Podesta & Co.) 250,000 shares

Four Corners Oil & Gas Co. ____ **Common**
(Paine, Webber, Jackson & Curtis, and Campbell, McCarty & Co. Inc.) $1,200,000

Southern Pacific Co. ____ **Equip. Trust Ctfs.**
(Bids to be invited) about $8,000,000

April 22 (Tuesday)

Commonwealth of Australia ____ **Bonds**
(Morgan Stanley & Co.) $25,000,000

Consolidated Edison Co. of N. Y. Inc. ____ **Bonds**
(Bids 11 a.m. EST) $50,000,000

April 23 (Wednesday)

Atlantic City Electric Co. ____ **Bonds**
(Bids to be invited) $10,000,000 to $20,000,000

Lykes, Bros. Steamship Co., Inc. ____ **Common**
(Morgan Stanley & Co.) 400,000 shares

Potomac Electric Power Co. ____ **Debentures**
(Offering to stockholders—to be underwritten by Johnston, Lemon & Co., and Dillon, Read & Co. Inc.) $19,700,000

Sierra Pacific Power Co. ____ **Bonds**
(Bids 11 a.m. EST) $3,000,000

Southern Counties Gas Co. of California ____ **Bonds**
(Bids to be invited) $15,000,000

April 24 (Thursday)

Pittsburgh & Lake Erie RR. ____ **Equip. Trust Ctfs.**
(Bids to be invited) $3,900,000

April 28 (Monday)

Puget Sound Power & Light Co. ____ **Bonds**
(Bids noon EDT) $30,000,000

April 29 (Tuesday)

Philadelphia Electric Co. ____ **Bonds**
(Bids noon EST) $40,000,000

May 6 (Tuesday)

Montreal (City of) ____ **Debentures**
(Bids to be invited) $35,000,000

New Jersey Power & Light Co. ____ **Bonds**
(Bids 11 a.m. EDT) $7,500,000

May 9 (Friday)

Wisconsin Power & Light Co. ____ **Common**
(Offering to stockholders—to be underwritten by Smith, Barney & Co. and Robert W. Baird & Co., Inc.) 241,211 shares

Wisconsin Power & Light Co. ____ **Preferred**
(Offering to stockholders—to be underwritten by Smith, Barney & Co. and Robert W. Baird & Co., Inc.) $3,000,000

May 12 (Monday)

Public Service of Oklahoma ____ **Bonds**
(Bids to be invited) $16,000,000

May 13 (Tuesday)

United Gas Improvement Co. ____ **Bonds**
(Bids to be invited) $12,000,000

May 14 (Wednesday)

Long Island Lighting Co. ____ **Bonds**
(Bids to be invited) $20,000,000

May 19 (Monday)

Gulf States Utilities Co. ____ **Bonds**
(Bids to be invited) $20,000,000

Gulf States Utilities Co. ____ **Common**
(Bids to be invited) 240,000 shares

May 20 (Tuesday)

Illinois Power Co. ____ **Bonds**
(Bids to be invited) $25,000,000

New York Telephone Co. ____ **Bonds**
(Bids to be invited) $60,000,000

May 21 (Wednesday)

Brooklyn Union Gas Co. ____ **Bonds**
(Bids 11 a.m. EDT) $22,000,000

May 27 (Tuesday)

Appalachian Electric Power Co. ____ **Bonds**
(Bids 11 a.m. EST) $25,000,000

May 29 (Thursday)

Illinois Bell Telephone Co. ____ **Common**
(Offering to stockholders—no underwriter) $87,079,200

June 10 (Tuesday)

Virginia Electric & Power Co. ____ **Bonds or Debs.**
(Bids to be invited) $25,000,000

June 11 (Wednesday)

New England Power Co. ____ **Bonds**
(Bids to be invited) $10,000,000

June 17 (Tuesday)

Community Public Service Co. ____ **Debentures**
(Bids to be invited) $3,000,000

Oklahoma Gas & Electric Co. ____ **Bonds**
(Bids to be invited) $15,000,000

Public Service Electric & Gas Co. ____ **Debentures**
(Bids to be invited)

July 1 (Tuesday)

Florida Power Corp. ____ **Bonds**
(Bids to be invited) $25,000,000

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and general corporate purposes. **Office** — New York. **Underwriter**—Harris Securities Corp., New York City

★ Futures, Inc.
March 28 (letter of notification) 54,300 shares of capital stock (par $1). **Price**—At market. **Proceeds**—To trade in commodity futures or commodities. **Underwriter**—Futures Distributors, New York, N. Y.

General Aniline & Film Corp., New York
Jan. 14, 1957 filed 426.988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1). **Proceeds**—To the Attorney General of the United States. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Lehman Brothers, and Glore, Forgan & Co. (jointly). **Bids**—Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.

General Credit, Inc., Washington, D. C.
Aug. 17, 1956 filed $2,000,000 of 6% subordinated sinking fund debentures, due Sept. 1, 1971, with detachable warrants to purchase 160,000 shares of participating preference stock, to be offered in units of $500 of debentures and 40 warrants. **Price**—$500 per unit. **Proceeds**—For expansion and working capital. **Underwriter**—None named. Offering to be made through selected dealers Application is still pending with SEC.

★ General Devices, Inc., Princeton, N. J. (4/15)
March 31 (letter of notification) 40,000 shares of common stock (par $1) to be offered for subscription by stockholders at the rate of approximately 18.5 shares for each 100 shares held; unsubscribed shares to public. **Price**—$3.50 per share. **Proceeds**—For expansion, equipment and working capital. **Underwriter**—None.

General Electronics Distributors Inc.
Feb. 10 (letter of notification) 2,090 shares of common stock (par $25) to be offered to stockholders until May, 1958, then to the public. **Price**—$42 per share. **Proceeds**—For loans payable to bank, inventory and working capital. **Office**—735 Main Street, Wheeling, W. Va. **Underwriter**—None.

General Time Corp., New York (4/10)
March 21 filed 33,000 shares common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Underwriter** — Kidder, Peabody & Co., Inc., New York.

● Glassheat Corp.
Feb. 12 (letter of notification) 150,000 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—1 E. 35th Street, New York 16, N. Y. **Underwriter**—James Anthony Securities Corp., 37 Wall St., New York 5, N. Y. **Offering**—Expected in three or four weeks.

Gly Inc.
March 4 (letter of notification) 300,000 shares of common stock (par 30 cents). **Price**—$1 per share. **Proceeds**—For acquisition, development and operation of oil and gas properties. **Office**—Bacon Bldg., 5th & Pine Sts., Abilene, Texas. **Underwriter** — Barth Thomas & Co., Inc., New York.

Great Divide Oil Corp.
Oct. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To pay balance on oil and gas properties, and unsecured notes and for drilling and working capital. **Office**—207 Newhouse Bldg, Salt Lake City, Utah. **Underwriter**—Birkenmayer & Co., Denver, Colo

Guardian Insurance Corp., Baltimore, Md.
Aug. 16 filed 300,000 shares of common stock, of which 200,000 shares are to be publicly offered and the remaining 100,000 shares reserved for issuance upon exercise of warrants which are to be sold at 25 cents per warrant to organizers, incorporators, management, and/or directors. **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — None.

● Hawaiian Airlines, Ltd., Honolulu, Hawaii
Feb. 18 filed $1,250,000 of 6% convertible subordinated debentures due April 1, 1973, of which $1,000,000 principal amount is being offered for subscription by stockholders of record March 14, 1958 at the rate of $100 of debentures for each 35 shares held (with an over-subscription privilege); $100,000 of debentures are offered to employees; and $150,000 to others. Subscription rights will expire on April 4. **Price** — At principal amount. **Proceeds**—To be used to buy new airplanes, to repay certain short-term bank loans, and for other corporate purposes. **Underwriter**—None. Statement effective March 21.

★ Hedgefan Petroleum, Inc.
March 14 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For development of oil and gas properties. **Office**—214 Phil-Dor Bldg., 6617 Snider Plaza, Dallas, Tex. **Underwriter**—None.

Heller (Walter E.) & Co. (4/9)
March 19 filed 125,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For working capital and to reduce bank borrowings. **Underwriters**—F. Eberstadt & Co., New York, and Dean Witter & Co., Chicago, Ill.

Hofmann Industries, Inc., Sinking Spring, Pa.
Dec. 20 filed 227,500 shares of common stock (par 25 cents) to be offered in exchange for outstanding common shares of Van Dorn Iron Works Co **Underwriter**—None

Home Owners Life Insurance Co.
Nov. 1 filed 50,000 shares of class A common stock to be offered to the public at $5 per share and 116,366 shares of class B common stock to be offered to stockholders at $6 per share at the rate of two new shares for each five shares held. **Proceeds**—For working capital. **Office**—Fort Lauderdale, Fla. **Underwriter**—None.

Horlac Mines, Ltd.
Nov. 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To repay loan, to purchase equipment and machinery and for working capital. **Office**—1551-A Eglinton Ave. West, Toronto 10, Ont., Canada. **Underwriter**—D'Amico & Co., Inc., Buffalo, N Y

★ Income Foundation Fund, Inc., Boston, Mass.
March 27 filed (by amendment) an additional 4,000,000 shares of capital stock (par 10 cents). **Price** — At market. **Proceeds**—For investment.

Industro Transistor Corp., (N. Y.) (4/14-18)
Feb. 28 filed 150,000 shares of common stock (par 10 cents). **Price**—To be related to the market price. **Proceeds**—For working capital and to enlarge research and development department. **Underwriter** — S. D. Fuller & Co., New York.

Janaf, Inc., Washington, D. C.
July 30 filed $10,000,000 of 5½-8% sinking fund debentures due Aug. 1, 1972 and 100,000 shares of common stock (par 20 cents) to be offered in units of a $1,000 debenture and 10 shares of stock, or a $100 debenture and one share of stock. **Price**—Par for debenture, plus $2 per share for each 10 shares of Stock. **Proceeds**—For construction of a shopping center and other capital improvements; for retirement of present preferred shares; and for working capital, etc. **Underwriter**—None.

● Kaar Engineering Corp.
Feb. 12 (letter of notification) $250,000 of 6½% convertible 15-year sinking fund debentures, due Jan. 1, 1973, being offered for subscription by preferred stockholders of company and preference stockholders of Pacific Associates, Inc. at rate of $3 of debentures for each $10 par value of preference or preferred stock held. **Price**—At par (in denominations of $1,000 and $500), plus accrued interest from Jan. 1, 1958. **Proceeds**—To repay certain debt and for working capital. **Office**—2995 Middlefield Road, Palo Alto, Calif. **Underwriter**—None.

Kennedy (D. S.) & Co. (4/16)
March 18 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital and capital expenditures. **Business**—Manufactures radar antenna. **Office**—Cohasset, Mass. **Underwriter** — W. C. Langley & Co., Boston and New York.

★ Larson Laboratories, Inc.
March 24 (letter of notification) 100,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For equipment and sales expansion. **Office** — 1320 Irwin Drive, Erie, Pa. **Underwriter**—None.

Lefcourt Realty Corp., New York
Jan. 29 filed 250,000 shares of common stock (par 25 cents). **Price**—To be supplied by amendment. **Proceeds**—For development of property in Florida. **Underwriter**—Frank M. Cryan Co., Inc., New York.

★ Legettes, Inc.
March 19 (letter of notification) 250,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—To purchase land and building; equipment; and for working capital. **Office**—104 South Tenth St., Boise, Idaho. **Underwriter**—None.

★ Life Insurance Securities Corp., Portland, Me.
March 28 filed 1,000,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds**—To acquire stock control of "young, aggressive and expanding life and other insurance companies and related companies and then to operate such companies as subsidiaries." **Underwriter**—First Maine Corp., Portland, Me.

Linair Engineering, Inc., Inglewood, Calif.
March 24 filed $200,000 of 6% convertible subordinated debentures, due April 1, 1973, and 100,000 shares of capital stock (par $1) to be offered in units consisting of $500 of debentures and 250 shares of stock. **Price**—$750 per unit. **Proceeds**—To finance increased inventories and the cost of engineering new products, to acquire new machinery and equipment, and for working capital. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Lorain Telephone Co., Lorain, Ohio
Dec. 13 (letter of notification) 1,785 shares of common stock (no par) being offered for subscription by common stockholders at the rate of one new share for each 62.52 shares held as of Feb. 25, 1958; rights to expire on May 1, 1958. **Price**—$28 per share. **Proceeds**—For additions and improvements. **Office** — 203 West 9th St., Lorain, Ohio. **Underwriter**—None.

★ Lykes Bros. Steamship Co., Inc. (4/23)
March 28 filed 400,000 shares of common stock (par $10), of which 300,000 shares are to be sold for the account of the company and 100,000 shares for three selling stockholders. **Price** — To be supplied by amendment. **Proceeds**—To company, to help finance replacement of vessels making up its present fleet of 54 ships. **Office**—New Orleans, La. **Underwriter**—Morgan Stanley & Co., New York.

Maine Fidelity Life Insurance Co.
March 26 filed 50,000 shares of capital stock (par $4) to be offered for subscription by stockholders at the rate of one new share for each share held (with an oversubscription privilege). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Portland, Me. **Underwriter** — P. W. Brooks & Co., Inc., New York.

★ Mercantile Acceptance Corp. of California
March 19 (letter of notification) $18,000 of 5½%, 12-year capital debentures. **Price**—At par. **Proceeds**—For working capital. **Office**—333 Montgomery St., San Francisco, Calif. **Underwriter** — Guardian Securities Corp., San Francisco, Calif.

Merrimack-Essex Electric Co.
Feb. 11 filed $20,000,000 of first mortgage bonds, series C, due 1988. **Proceeds**—Together with other funds, to redeem a like amount of 5⅝% series B bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and White, Weld & Co., (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith, and Eastman Dillon Union Securities & Co. (jointly). **Bids**—Which were to have been received on March 10 at 441 Stuart St., Boston 16, Mass., have been indefinitely postponed.

Mineral Basin Mining Corp.
Dec. 30 (letter of notification) 200,000 shares of common stock. **Price** — At par ($1 par value). **Proceeds** — For mining expenses. **Office** — 1710 Hoge Bldg., Seattle 4, Wash. **Underwriter**—None.

Mississippi Power & Light Co. (4/16)
March 5 filed $15,000,000 of first mortgage bonds due 1988. **Proceeds**—For property additions and improvements, to pay off bank loans, and other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Equitable Securities Corp. and Shields & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith; Eastman Dillon, Union Securities & Co., White, Weld & Co. and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Bids** — Tentatively expected to be received up to 11:30 a.m. (EST) on April 16.

Motel Co. of Roanoke, Inc., Roanoke, Va.
Nov. 18 (letter of notification) 60,000 shares of common stock (par 40 cents). **Price**—$5 per share. **Proceeds**—For purchase of land, construction and working capital. **Underwriter**—Southeastern Securities Corp., New York.

● Motel Corp. of Italy
Jan. 14 filed 20,000 shares of class A common stock and 10,000 shares of 7% cumulative convertible preferred, to be sold publicly at a unit price of $101, representing one share of preferred and two shares of common. **Proceeds**—To be invested in the stock of Motels Americano, an Italian organization. **Office**—Silver Springs, Maryland. **Underwriter**—None. Statement withdrawn Mar. 26.

● Multnomah Canadian Fund, Ltd., Vancouver, B. C.
Jan 31 filed 1,000,000 shares of class A common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Business**—Investment company, with Spencer R. Collins of Eugene, Ore., as President. Statement effective March 26.

Municipal Investment Trust Fund, Inc. (N. Y.)
May 9 filed 5,000 units of undivided interests in Municipal Investment Trust Fund, Series A. **Price**—At market. **Proceeds**—For investment. **Sponsor**—Ira Haupt & Co., New York.

★ National Investors Corp., New York
March 28 filed (by amendment) an additional 600,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

★ National Manganese Co., Newcastle, Pa. (4/7)
March 21 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For mining expenses. **Underwriter**—Johnson & Johnson, Pittsburgh, Pa.

Natural Gas Pipeline Co. of America
Nov. 19 filed $40,000,000 of first mortgage pipeline bonds due 1977. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank loans. **Underwriters** — Dillon, Read & Co. Inc. and Halsey, Stuart & Co. Inc., both of New York. **Offering**—Temporarily postponed.

Nebraska Consolidated Mills Co.
Feb. 6 (letter of notification) 25,000 shares of common stock to be offered to stockholders at the rate of one new share for each 16 shares held. Rights will expire March 15, 1958. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office** — 1521 North 16th St., Omaha 10, Neb. **Underwriter**—None.

New England Electric System (4/15)
March 14 filed 968,549 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each 12 shares held as of April 15, 1958; rights to expire on April 30, 1958. Unsubscribed shares to be offered to employees under a 1958 employee share purchase plan. **Proceeds** — For construction and general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Carl M. Loeb, Rhoades & Co., Ladenburg, Thalmann & Co., and Wertheim & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Kidder, Peabody & Co. Inc., and White, Weld & Co. (jointly); Blyth & Co. Inc., Lehman Brothers, and Bear, Stearns & Co. (jointly). **Bids**—To be received up to 11 a.m. (EST) on April 15 at 441 Stuart St., Boston 16, Mass.

New England Telephone & Telegraph Co. (4/14)
March 20 filed $45,000,000 of 35-year debentures, due April 1, 1993. **Proceeds**—To redeem $35,000,000 of 4¾% debentures due 1986 and to repay advances from American Telephone & Telegraph Co. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—To be received up to 11:30 a.m. (EST) on April 14 at Room 2315, 195 Broadway, New York, N. Y.

New Jersey Bell Telephone Co.
Feb. 28 filed $30,000,000 of 35-year debentures due April 1, 1993. **Proceeds**—To redeem a like amount of 4⅞% debentures due 1993 on or about April 28. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; White, Weld & Co.

and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp. **Bids**—Were to have been received up to 11 a.m. (EST) on March 25, at Room 2315, 195 Broadway, New York, N. Y. **Offering**—Postponed indefinitely.

★ New Jersey Power & Light Co. (5/6)
March 31 filed $7,500,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Lehman Brothers and Salomon Bros. & Hutzler (jointly); Eastman, Dillon, Union Securities & Co., and White Weld & Co. (jointly); The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith; Equitable Securities Corp. **Bids**—Expected to be received up to 11 a.m., (EDT) on May 6—at the offices of General Public Utilities Corp., 67 Broad St., New York, N. Y.

Nichols, Inc., Exeter, N. H.
Nov. 14 filed 25,000 shares of common stock (no par). **Price**—$27 per share. **Proceeds**—To repay short term bank loans and for working capital. **Business** — Sells hatching eggs and day-old chicks. **Underwriter**—None. George E. Coleman, Jr., is President.

Nortex Associates Inc., Dallas, Texas
Feb. 17 filed $2,000,000 of participating interests in 1958 oil and gas exploration program. Interests are to be offered for public sale in $10,000 units. **Proceeds**—For exploration and development of gas and oil properties. **Underwriter**—None.

● Northwest Bancorporation
March 6 filed 106,430 shares of 4.50% convertible preferred stock (par $100) being offered for subscription by common stockholders of record on March 27, 1958, at the rate of one preferred share for each 16 common shares held; rights to expire on April 14. **Price**—At par (flat). **Proceeds** — Approximately $7,000,000 to be invested in three major affiliates and the balance for working capital and other corporate purposes. **Underwriters**—The First Boston Corp. and Blyth & Co., Inc., both of New York.

Nuclear Science & Engineering Corp.
Sept. 20 filed 100,000 shares of common stock (par 25 cents). **Price**—To be supplied by amendment. **Proceeds**—To prepay indebtedness to Norden-Ketay Corp., to purchase additional equipment and for working capital. **Underwriter**—Hayden, Stone & Co., New York. **Offering**—Temporarily postponed because of market conditions.

Ocean Drilling & Exploration Co.
March 6 filed 104,575 shares of cumulative preferred stock (par $50) being offered for subscription by common stockholders of record March 25, 1958, at the rate of one preferred share for each 14 common shares held; rights to expire April 9. **Price**—$50 per share. **Proceeds**—To repay bank loans, construction of a new drilling barge, and for other general corporate purposes. **Office**—New Orleans, La. **Underwriters**—Morgan Stanley & Co., New York and Reinholdt & Gardner, St. Louis, Mo.

Oil & Mineral Operations, Inc.
Nov. 4 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For development of oil and mineral properties. **Office**—208 Wright Bldg., Tulsa, Okla. **Underwriter**—Universal Securities Co., 201 Enterprise Bldg., Tulsa 3, Okla.

O. T. C. Enterprises Inc.
March 6 (letter of notification) 23,200 shares of common class B stock (par $1). **Price**—$5 per share. **Proceeds**—For completion of plant plans; land; construction and operating expenses. **Office**—2502 N. Calvert St., Baltimore 18, Md. **Underwriter**—Burnett & Co., Sparks, Md.

● Pacific Petroleums Ltd., Calgary, Canada (4/10)
March 12 filed $30,000,000 of 15-year sinking fund debentures due 1973 (with common stock purchase warrants). **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans and for general corporate purposes. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

★ Palestine Economic Corp., New York
March 31 filed $2,000,000 of 5% notes, due Oct. 1, 1963 to be offered in two types: (a) interest-bearing notes with interest payable at the rate of 5% and at an offering price of 100% of principal amount; and (b) capital-appreciation notes, at a discount from maturity value so as to yield 5% compounded semi-annually. **Proceeds**—For making investments and loans in companies or enterprises that the corporation is already financially interested in, or for other corporate purposes. **Underwriter**—None.

Pecos Valley Land Co., Carlsbad, N. Mex.
March 13 filed 2,000,000 shares of common stock (par 10 cents), of which 300,000 shares are to be offered for sale by the company and 1,700,000 shares by the present holders thereof. **Price**—$1 per share. **Proceeds**—From sale of the 300,000 shares, to be used to pay 6% mortgage notes and interest and to pay back tax claims, and interest due on the note to Mr. Harroun. **Underwriter**—Wiles & Co., Dallas, Texas.

★ Penn Dairies Inc. (4/9)
March 25 (letter of notification) 50,000 shares class A non-voting common stock (par $5). **Price**—$3.37½ per share. **Proceeds**—To selling stockholders. **Office**—572 N. Queen St., Lancaster, Pa. **Underwriter** — Stroud & Co., Inc., Philadelphia, Pa.

★ Peoples Natural Gas Co. of South Carolina
March 31 filed $375,000 of 20-year 7% debentures due 1978 and 45,000 shares of common stock (par $1) to be offered in units of $25 of debentures and three shares of stock. **Price**—$37.75 per unit. **Proceeds** — To repay notes and 5% mortgage bonds, for construction, and other corporate purposes. **Office**—Florence, N. C. **Underwriter**—Scott, Horner & Co., Lynchburg, Va.

★ Peoples Protective Life Insurance, Co.
March 27 filed 310,000 shares of common stock (par $1), consisting of 62,000 shares of class A-voting stock and 248,000 shares of class B-non-voting stock to be offered in units consisting of one class A and four class B shares. **Price** — $75 per unit. **Proceeds** — For working capital and for development of district offices in the states where the company is currently licensed to do business. **Office**—Jackson, Tenn. **Underwriter**—None. R. B. Smith, Jr., is President and Board Chairman.

● Piedmont Natural Gas Co., Inc. (4/18)
March 26 filed 51,183 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each 10 shares held (with a 14-day standby). **Price** — To be supplied by amendment. **Proceeds**—Together with funds from private sale of $3,500,000 5½% first mortgage bonds due Feb. 1, 1983, to be used to repay bank loans and to finance construction program. **Underwriter** — White, Weld & Co., New York.

Pleasant Valley Oil & Mining Corp.
Sept. 30 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds** — For geological studies, reserve for contingent liability, for machinery and equipment and other reserves. **Office** — 616 Judge Bldg., Salt Lake City, Utah **Underwriter**—Steven Randall & Co., Inc., New York.

★ Policy Advancing Corp.
March 25 (letter of notification) 30,250 shares of common stock (par $5) to be offered for subscription by common stockholders at the rate of one new share for each share held; unsubscribed shares to be offered to debenture holders and to others. **Price**—$8 per share. **Proceeds**—For working capital. **Office**—27 Chenango St., Binghamton, N. Y. **Underwriter**—None.

★ Power Fuels Corp. of America
March 24 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For equipment, inventories and working capital. **Office**—4201 Jackson St., Denver 16, Colo. **Underwriter**—None.

Prairie Fibreboard Ltd.
Feb. 28 filed 210,000 shares of common stock (par $1.50) to be offered for sale to residents of Canada in the Provinces of Manitoba, Saskatchewan and Alberta and to residents of the United States "only in the State of North Dakota." **Price** — $2.50 per share. **Proceeds** — For construction purpose. **Office** — Saskatoon, Saskatchewan, Canada. **Underwriter**—Allied Securities Ltd., Saskatoon, Canada.

● Premier Pharmaceutical Corp., Buffalo, N. Y.
Jan. 29 filed 100,000 shares of 6% preferred stock (par $10) and 100,000 shares of common stock (par $1) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds**—To build or lease plant, for new equipment and for working capital and other corporate purposes. **Underwriter**—Girard Securities, Inc., Buffalo, N. Y. Statement withdrawn March 26.

● Public Savings Life Insurance Co.
Nov. 29 filed 113,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To Public Savings Insurance Co., the selling stockholder. **Office**—Charleston, S. C. **Underwriter**—None. Statement withdrawn March 21.

Puget Sound Power & Light Co. (4/28)
March 21 filed $30,000,000 of first mortgage bonds due May 1, 1988. **Proceeds**—To redeem $20,000,000 of 6¼% first mortgage bonds due 1987 and to retire bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Lehman Brothers (jointly); Stone & Webster Securities Corp., The First Boston Corp. and Smith, Barney & Co. (jointly). **Bids**—To be received at 90 Broad St., New York, N. Y., up to noon (EDT) on April 28.

Resolite Corp., Zelienople, Pa.
March 4 (letter of notification) 20,000 shares of common stock (no par) to be offered pro-rata to stockholders, then to the public. **Price**—$7.50 per share. **Proceeds**—To pay notes payable and bank loans and for working capital. **Underwriter**—None.

● Richfield Oil Corp.
March 6 filed $50,000,000 of 4⅜% convertible subordinated debentures, due April 15, 1983, being offered for subscription by common stockholders of record Mar. 25, 1958 at the rate of $100 principal amount of debentures for each eight shares held; rights to expire on April 14. **Price**—100% of principal amount (flat). **Proceeds**—For capital expenditures and other corporate purposes. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith and Blyth & Co., Inc., both of New York.

★ Rockcote Paint Co.
March 21 (letter of notification) 14,250 shares of 7% cumulative preferred stock (par $10) and 10,000 shares of common stock (par $1). **Price**—For preferred stock, $10.25 per share; for common stock, $8 per share. **Proceeds**—For working capital. **Office**—200 Sayre St., Rockford, Ill. **Underwriter** — The Milwaukee Co., Milwaukee, Wis.

Rocky Mountain Quarter Racing Association
Oct. 31 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To repay outstnding indebtedness. **Office** — Littleton, Colo. **Underwriter**—R. B. Ford Co., Windover Road, Memphis, Tenn.

★ Ruppert (Jacob)
March 28 (letter of notification) 10,975 shares of common stock (par $5) to be offered in units of 10 shares to employees pursuant to an employee stock purchase plan. **Price**—$85 per unit. **Proceeds**—For general corporate purposes. **Underwriter**—None.

Samedan Associates, Inc., Ardmore, Okla.
March 24 filed 98,613 shares of common stock (par $10). **Price**—$14.25 per share. **Proceeds**—For working capital, acquisition, development, and exploration of oil and gas properties. **Underwriter**—None.

Schering Corp., Bloomfield, N. J.
Sept. 19 filed 278,983 shares of 5% cumulative convertible preferred stock (par $30) and 418,475 shares of common stock (par $1) to be issued in exchange for stock of White Laboratories, Inc. (which is to be merged with Schering Corp. effective Sept. 19, 1957) on the basis of one share of preferred stock and 1½ shares of common stock for each White class A or class B common share held. **Underwriter**—None.

Seagram (Joseph E.) & Sons, Inc. (4/9)
March 18 filed $40,000,000 of 25-year debentures due April 1, 1983. **Price** — To be supplied by amendment. **Proceeds**—For working capital, and the balance for other corporate purposes, including to a large extent the completion of the new office building. **Underwriter**—Harriman Ripley & Co., Inc., New York.

Sentinel Security Life Insurance Co.
Nov. 27 filed 5,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Salt Lake City, Utah. **Underwriter**—None.

★ Shareholders' Trust of Boston
March 27 filed (by amendment) an additional 1,000,000 shares of beneficial interest (par $1) in the Trust. **Price** At market. **Proceeds**—For investment.

Sierra Pacific Power Co. (4/16)
March 25 filed 57,362 shares of common stock (par $7.50) to be offered for subscription by common stockholders of record April 14, 1958 on the basis of one new share for each 12 shares held (with an oversubscription privilege); rights to expire on April 30. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriter** — Kidder, Peabody & Co., New York.

Sierra Pacific Power Co., Reno, Nev. (4/23)
March 25 filed $3,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Stone & Webster Securities Corp. and Dean Witter & Co. (jointly). **Bids**—To be received up to 11 a.m. (EST) on April 23 at 49 Federal St., Boston, Mass.

Simplicity Pattern Co. Inc.
Oct. 10 filed 155,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To two selling stockholders. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith, New York. **Offering** — Indefinitely postponed.

★ Sinclair Oil Corp., New York
March 28 filed $12,000,000 of participations in the Employees Savings Plan, together with 150,000 shares of common stock (par $5) which may be acquired pursuant thereto.

★ Smith, Kline & French Labortories (4/16)
March 27 filed 50,000 shares of common stock (par 33⅓ cents). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Office**—Philadelphia, Pa. **Underwriter**—Smith, Barney & Co., New York.

Southern Counties Gas Co. of California (4/23)
March 26 filed $15,000,000 first mortgage bonds, series C, due 1983. **Proceeds**—To repay short-term indebtedness to Pacific Lighting Corp. and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith. **Bids**—Expected to be received up to 8:30 a.m. (PST) on April 23.

Southern Electric Steel Co.
Dec. 23 (letter of notification) $300,000 of 6% second mortgage serial bonds (with common stock purchase warrants). **Price**—At par (in denominations of $1,000 each). **Proceeds**—For payment of demand notes payable and working capital. **Office**—2301 Huntsville Road, Birmingham, Ala. **Underwriter**—None.

Sovereign Resources, Inc.
Nov. 19 (letter of notification) 1,500 shares of 7% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For construction, payment of promissory note and working capital. **Office**—3309 Winthrop St., Fort Worth, Tex. **Underwriter**—Reilly, Hoffman & Sweeney, Inc., New York, N. Y. **Offering**—Delayed.

★ Springfield Fire & Marine Insurance Co.
March 28 filed 1,000,000 shares of common stock (par $2) to be offered in exchange for capital stock of Monarch Life Insurance Co. at rate of 1¼ shares of Springfield for each Monarch share. **Dealer-Managers**—The First Boston Corp. and Kidder Peabody & Co., both of New York.

★ Standard Oil Co. (Ohio)
March 28 filed $3,000,000 of interests in the company's Employees Investment Plan, together with 40,000 shares of common stock and 10,000 shares of 3¾% cumulative preferred stock, series A (par $100), which may be acquired pursuant to the plan.

★ Stephenson Chemical Co., Inc.
March 26 (letter of notification) 500 shares of class A voting common stock and 5,000 shares of class B non-voting common stock (class B stock to be offered in units of not less than five shares, with purchasers of each ten shares having privilege to buy, on class A share). **Price**—At par ($10 per share). **Proceeds**—For real estate; installation of machinery and equipment;

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and for working capital. **Office**—Rear 118 North Main St., College Park, Ga. **Underwriter**—None.

★ Strategic Minerals Corp. of America, Dallas, Tex.
March 31 filed $2,000,000 of first lien mortgage 6% bonds and 975,000 shares of common stock. **Price**—For bonds, 95% of principal amount; and for stock $3 per share. **Proceeds** — To erect and operate one or more chemical processing plants using the Bruce-Williams Process to beneficiate manganese ores. **Underwriter** — Southwest Shares, Inc., Austin, Texas.

Symington-Gould Corp., Depew, N. Y.
Feb. 28 filed 593,939 shares of common stock and 263,973 warrants to be issued in exchange for the stock of the Wayne Pump Co. under merger agreement which provides for conversion of each share of capital stock of Wayne Pump into (1) 2¼ shares of common stock of the surviving corporation to be known as Symington Wayne Corp., and (2) an option to purchase an additional share at prices commencing at $10 per share. **Underwriter**—None.

Tax Exempt Bond Fund, Inc., Washington, D. C.
June 20 filed 40,000 shares of common stock. **Price**—$25 per share. **Proceeds** — For investment. **Underwriter**—Equitable Securities Corp., Nashville, Tenn. **Offering**—Held up pending passing of necessary legislation by Congress.

★ Technology Instrument Corp., Acton, Mass.
March 27 filed 260,000 common shares (par $2.50) of which 204,775 shares are for account of three selling stockholders and 55,225 shares are for account of company. **Price** — $10 per share. **Proceeds** — For working capital and general corporate purposes. **Business** — Develops and manufactures precision potentiometers and other precision electronic components and measuring instruments. **Underwriter**—S. D. Fuller & Co., New York.

★ Tele-Broadcasters, Inc.
March 31 (letter of notification) 40,000 shares of common stock (par five cents). **Price** — $3.25 per share. **Proceeds**—To complete the construction of Station KALI. **Office**—41 East 42nd St., New York, N. Y. **Underwriter**—Sinclair Securities Corp., New York, N. Y.

Tennessee Gas Transmission Co.
Feb. 26 filed $30,000,000 of debentures due May 1, 1978. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart & Co., Inc., all of New York. **Offering**—Temporarily postponed.

★ Tennessee Gas Transmission Co.
March 28 filed $2,000,000 of contributions by participating employees under the company's thrift plan.

★ Timeplan Finance Corp.
March 25 (letter of notification) 27,272 shares of 70-cent cumulative preferred stock (par $5) and 27,272 shares of common stock (par 10 cents) to be offered in units of one share to each class of stock. **Price**—$11 per unit. **Proceeds** — For working capital. **Office** — 111 E. Main St., Morristown, Tenn. **Underwriter**—Valley Securities Corp., Morristown, Tenn.

★ Tohomson Symon Co., Inc.
March 20 (letter of notification) $120,000 of 6½% convertible subordinated debentures due April 1, 1973. **Price**—At par. **Proceeds**—For working capital. **Office**—1330 Beech St., Terre Haute, Ind. **Underwriter**—None.

Trans-America Uranium Mining Corp.
Nov. 6 filed 3,000,000 shares of common stock (par one mill). **Price**—25 cents per share. **Proceeds**—For land acquisition, exploratory work, working capital, reserves, and other corporate purposes. **Underwriter**—None. Alfred E. Owens of Waterloo, Ia., is President.

★ Trans-Cuba Oil Co., Havana, Cuba
March 28 filed 6,000,000 shares of common stock (par 10 cents) to be offered for subscription by holders of outstanding shares of capital stock and holders of bearer shares, in the ratio of one additional share for each share so held or represented by bearer shares. **Price**—50c per share. **Proceeds**—For general corporate purposes, including exploration and drilling expenses and capital expenditures. **Underwriter**—None.

Trans-Eastern Petroleum Inc.
Feb. 27 (letter of notification) 7,500 shares of common stock (par $1) to be offered pro-rata to stockholders on the basis of one new share for 10 shares owned. **Price**—$4 per share. **Proceeds**—For drilling for oil and gas. **Office**—203 N. Main Street, Coudersport, Pa. **Underwriter**—None.

Trask Manufacturing Co.
Dec. 5 (letter of notification) 15,000 shares of common stock (par $5). **Price** — $4.50 per share. **Proceeds** — For working capital and payment of current liabilities. **Address**—Wrightsboro section, 3 miles north of Wilmington, N. C. **Underwriter** — Selected Investments, Wilmington, N. C.

★ Union Carbide Corp., New York
March 28 filed $30,000,000 of Interests or Participations in the company's Savings Plan for Employees, together with 50,000 shares of no par capital stock which may be acquired pursuant thereto.

★ United Artists Associated Inc., New York
March 31 filed $15,000,000 of 6% subordinated sinking fund debentures, due 1963 to be offered in exchange for capital stock and warrants and debentures of Associated Artists Productions Corp.

★ United Oil & Gas Co., Inc.
March 25 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For development of oil and gas properties. **Office**—515 Central Ave., N. E., Albuquerque, N. M. **Underwriter**—None.

United States Sulphur Corp.
Oct. 8 filed 1,500,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For plant rental, etc.; to retire corporate notes; for core drilling; for working capital; and for other exploration and development work. **Office** — Houston, Texas. **Underwriter** — None.

United States Telemail Service, Inc.
Feb. 17 filed 375,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To purchase equipment and supplies and for working capital and other corporate purposes. **Office**—Salt Lake City, Utah. **Underwriter**—Amos Treat & Co., Inc., of New York.

Uranium Corp. of America, Portland, Ore.
April 30 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

Valley Farms, Inc., Denver, Colo.
Feb. 26 filed 32,000 shares each of class A, class B and class C preferred stock (par $25), and 32,000 shares of common stock (no par) to be offered in units of one share each of class A, B and C preferred and one share of common. **Price**—$100 per unit. **Proceeds**—To repay loan on real estate and for farm operating capital. **Underwriter**—Entro Corp., 812 Equitable Bldg., Denver 2, Colo., on a best-efforts basis.

Washington National Development Corp.
Oct. 2 (letter of notification) 50,000 shares of common stock (par $1) of which 34,280 shares are to be offered publicly at $1.20 per share and 15,720 shares are to be offered to certain individuals under options. **Proceeds**—For general corporate purposes. **Office** — 3612 Quesada St., N. W., Washington, D. C. **Underwriter**—Wagner & Co., New York City.

West Coast Airlines, Inc., Seattle, Wash.
Feb. 12 filed $600,000 of 6% subordinated debentures due 1970, and 150,000 shares of common stock (par $1) to be offered for subscription by common stockholders of record March 1, 1958, in units of $100 principal amount of debentures and 25 common shares, at rate of one unit for each 31 common shares held on the record date. **Price**—$125 per unit. **Proceeds**—To finance the acquisition of six new Fairchild F-27 "Friendship" aircraft on order for delivery during 1958, and related costs. **Underwriter**—None.

Western Copperada Mining Corp. (Canada)
Aug. 30 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development and exploratory work, drilling costs and survey, and for working capital. **Office** — 1205 Phillips Square, Montreal, Canada. **Underwriter**—Jean R. Veditz Co., Inc., New York.

★ Whitehall Fund, Inc., New York
March 28 filed (by amendment) an additional 400,000 shares of capital stock (par $1). **Price**—$12.14 per share. **Proceeds**—For investment.

Willcox & Gibbs Sewing Machine Co.
March 3 (letter of notification) 25,500 shares of common stock (par $5) to be offered for subscription by common stockholders of record March 17 on basis of one new share for each 10 shares held. **Price**—$7.15 per share. **Proceeds**—For general corporate purposes. **Office**—214 W. 39th St., New York, N. Y. **Underwriter** — None. **Offering**—Temporarily deferred.

Worth Fund, Inc., New York
Feb. 21 filed 400,000 shares of common stock. **Price**—$12.50 per share. **Proceeds**—For investment. **Underwriter**—Cherokee Securities Corp., 118 N. W. Broad St., Southern Pines, S. C.

Prospective Offerings

Appalachian Electric Power Co. (5/27)
Dec. 2, 1957, it was reported this company, a subsidiary of American Gas & Electric Co., plans to issue and sell $25,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co. (jointly); Harriman Ripley & Co. Inc. **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on May 27.

Associates Investment Co.
Jan. 23 it was reported company plans to issue and sell some additional debentures (amount not yet determined). **Underwriters** — Salomon Bros. & Hutzler and Lehman Brothers, both of New York. **Offering**—Expected before July 1.

Boston Edison Co.
Jan. 27 it was reported company may issue and sell in the Summer of this year some additional first mortgage bonds and preferred stock (about $25,000,000). **Proceeds**—To repay bank loans and for construction program. **Underwriter**—For bonds to be determined by company, with prospective bidders including Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co.; Lehman Brothers and Harriman Ripley & Co. Inc. (jointly). For preferred stock, The First Boston Corp., New York.

Brooklyn Union Gas Co. (5/21)
Nov. 25, 1957, it was announced that company expects to issue and sell $22,000,000 of first mortgage bonds due 1983. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Blyth & Co., Inc., and F. S. Moseley & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly); White, Weld & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on May 21.

★ C. G. S. Laboratories, Inc.
March 20 it was reported that company plans to issue and sell about $500,000 of common stock. **Proceeds**—For working capital and other corporate purposes. **Business**—Electronics. **Office**—391 Ludlow St., Stamford, Conn.

California Electric Power Co.
March 10 it was reported company may issue and sell in 1958 about 450,000 additional shares of common stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: White Weld & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith; Carl M. Loeb, Rhoades & Co., and Bear Stearns & Co. (jointly).

★ Central Bank & Trust Co., Denver, Colo. (4/9)
March 31 it was announced that the Bank plans to offer stockholders 70,000 additional shares of common stock (par $10) on a 1-for-4.714 basis. **Price**—$15 per share. **Underwriters**—Boettcher & Co.; Peters, Writer & Christensen Inc.; Bosworth, Sullivan & Co.; and Garrett-Bromfield & Co.; all of Denver, Colo.

Central Hudson Gas & Electric Corp.
Jan. 22 it was reported company plans to issue and sell $18,000,000 of first mortgage bonds (previous bond financing done privately). **Underwriter**—If sold at competitive bidding, probable bidders may include: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; The First Boston Corp.; White, Weld & Co. and Stone & Webster Securities Corp. (jointly); Kidder, Peabody & Co. **Bids**—Tentatively scheduled to be received about the middle of May.

Central Illinois Light Co.
March 27 stockholders were to vote on increasing the authorized preferred stock (par $100) from 250,000 shares to 500,000 shares. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

Chicago District Pipeline Co.
Nov. 12, 1957, it was announced company plans to sell about $5,000,000 of first mortgage bonds sometime after the turn of the year. **Proceeds**—To repay advances made by Peoples Gas Light & Coke Co., the parent. **Underwriters**—Probably Dillon, Read & Co. Inc. and Halsey, Stuart & Co. Inc.

Citizens & Southern National Bank of Savannah, Ga. (4/8)
March 11 it was announced stockholders of record April 8, 1958 are to be given the right to subscribe for 100,000 additional shares of capital stock at the rate of one new share for each 10 shares held. **Price** — $30 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

Columbus & Southern Ohio Electric Co.
Dec. 9 it was reported company plans to issue and sell about 250,000 additional shares of common stock. **Underwriters** — Dillon, Read & Co. Inc. and The Ohio Co. (jointly). Permanent financing not expected until late in 1958 or possibly early in 1959.

Community Public Service Co. (6/17)
March 10 it was reported that this company plans to issue and sell $3,000,000 of sinking fund debentures due 1973. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., Inc. and White, Weld & Co. (jointly). **Bids**—Tentatively expected to be received on June 17. **Registration**—Expected May 15.

Consolidated Natural Gas Co.
Feb. 25 it was announced company plans to issue and sell $45,000,000 of sinking fund debentures. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly); Morgan Stanley & Co. and First Boston Corp. (jointly). **Offering**—Expected in second quarter of 1958.

Consumers Power Co.
Feb. 21 Dan E. Karn, President, announced that $100,600,000 has been budgeted for expansion and improvement of service facilities during 1958. Indications are that $60,000,000 of senior securities may be involved. **Underwriter**—For any bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly); The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly). An offering of $35,156,700 of 4⅝% convertible debentures, offered to stockholders, was underwritten in October, 1957, by Morgan Stanley & Co.

Delaware Power & Light Co.
Jan. 22 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Eastman Dillon, Union Securities & Co.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Smith and Kidder, Peabody & Co. (jointly). **Offering**—Expected in June.

Dixon Chemical Industries, Inc.
March 10 it was reported company plans to do some financing, the type of securities to be announced later. **Proceeds**—For expansion. **Underwriter**—Harriman Ripley & Co. Inc., New York

Florida Power Corp. (7/1)
Jan. 29 it was reported corporation plans to issue and sell $25,000,000 of first mortgage bonds due 1988. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Eastman Dillon, Union Securities & Co., and Harriman

Ripley & Co. Inc. (jointly); The First Boston Corp. **Bids**—Expected to be received on July 1.

★ Gas Service Co.
March 24 it was reported that company plans to issue some first mortgage bonds later this year. **Proceeds**—For repayment of $9,500,000 short-term notes and loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith, and White, Weld & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp.; Lehman Brothers.

Grace Line Inc.
March 20 it was announced by Lewis A. Lapham, President, that the company plans to issue approximately $21,000,000 of government insured bonds secured by a first preferred ship mortgage on the new "Santa Rosa" and "Santa Paula." **Underwriters** — Merrill Lynch, Pierce, Fenner and Smith; Paine, Webber, Jackson & Curtis; Smith, Barney Co.; White, Weld & Co.; and F. Eberstadt & Co., all of New York.

Great Atlantic & Pacific Tea Co.
Feb. 19 it was reported a secondary offering of common voting stock is expected in near future. **Underwriters**—May include: Blyth & Co., Inc.; Carl M. Loeb, Rhoades & Co.; Hemphill, Noyes & Co.; Smith, Barney & Co.; and Merrill Lynch, Pierce, Fenner & Smith.

Gulf States Utilities Co. (5/19)
Jan. 29 it was reported company plans to issue and sell $20,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers; Stone & Webster Securities Corp.; Kuhn, Loeb & Co. **Bids** — Expected to be received on May 19.

Gulf States Utilities Co. (5/19)
Jan. 29 it was reported company plans to issue and sell 240,000 shares of common stock. **Underwriter** — To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith and Lehman Brothers (jointly); Stone & Webster Securities Corp. **Bids**—Tentatively expected to be received on May 19.

Hackensack Water Co.
March 12, George H. Buck, President, said that company plans to sell some $7,000,000 in new securities by the end of this year in the form of first mortgage bonds and preferred stock. Recent bond financing was made privately. In event of competitive bidding for bonds or debentures, bidders may include: Halsey, Stuart & Co. Inc.; The First Boston Corp. and White, Weld & Co. (jointly); Stone & Webster Securities Corp.; Blyth & Co., Inc.; Drexel & Co. and Dean Witter & Co. (jointly). The First Boston Corp. and White, Weld & Co. (jointly) underwrote last common stock financing. There is no preferred stock presently outstanding.

Hawaiian Telephone Co.
March 17 it was reported company plans to offer 500,000 additional shares of common stock to stockholders. **Proceeds** — About $5,000,000, to be used for additions and improvements to property. **Underwriter**—None. **Offering**—Expected in June.

★ Illinois Bell Telephone Co. (5/29)
March 27 it was announced company plans to offer to its stockholders of record May 29, 1958 the right to subscribe for 870,792 additional shares of capital stock at the rate of one new share for each six shares held; rights to expire on June 30. Minority stockholders own 5,933 shares. **Price**—At par ($100 per share). **Proceeds**—For additions and improvements. **Underwriter**—None.

Illinois Power Co. (5/20)
Jan. 29 it was reported company plans to issue $25,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc. **Bids**—To be received on May 20.

Indiana Gas & Water Co., Inc.
March 25 it was announced that the company plans to issue and sell $3,000,000 of first mortgage bonds. May be placed privately. **Proceeds**—To repay bank loans and for new construction.

★ Kansas Gas & Electric Co.
March 31, G. W. Evans, Chairman, announced that company plans to sell some bonds originally scheduled for mid-year, but which sale may now be deferred until late 1958 or early 1959. **Proceeds**—About $8,000,000 for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers; Eastman Dillon, Union Securities & Co. and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co., and Goldman Sachs & Co. (jointly).

Kansas Power & Light Co.
Feb. 14 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds due 1988. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Harriman Ripley & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Equitable Securities Corp. **Registration**—Expected before Spring.

Kentucky Utilities Co.
Jan. 21 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lee Higginson Corp.; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly); Kuhn, Loeb & Co. **Offering**—Expected in September or October.

Kentucky Utilities Co.
Jan. 21 it was also reported that company may offer approximately 165,000 additional shares of its common stock to its common stockholders on a 1-for-15 basis. **Underwriters**—Blyth & Co., Inc. and J. J. B. Hilliard & Son.

● Long Island Lighting Co. (5/14)
Feb. 26 it was announced company plans to sell $20,000,000 of first mortgage bonds due 1988. **Proceeds**—To retire bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); W. C. Langley & Co.; Smith, Barney & Co. **Bids**—Expected to be received on May 14. **Registration**—Expected on April 7.

● Long Island Lighting Co.
Feb. 26 it was also announced that company plans to offer to its stockholders early in May about 690,000 additional shares of common stock at the rate of one new share for each 10 shares held. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Blyth & Co., Inc.; The First Boston Corp., and W. C. Langley & Co. **Registration**—Expected on April 7.

Master Fund, Inc., Fairfield, Calif.
Jan. 27 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). **Price**—$10 per share, less an underwriting discount of 8½%. **Proceeds**—For investment.

Mercantile National Bank of Miami Beach
March 19 it was announced that the bank is offering 50,000 additional shares of capital stock (par $10) to shareholders of record March 17 on the basis of one new share for each three shares held; rights will expire at 2 p.m. on April 30. **Price**—$20 per share. **Proceeds**—To increase capital and surplus.

★ Midwestern Gas Transmission Co.
March 24 it was announced that this subsidiary of Tennessee Gas Transmission Co. has applied to the Federal Power Commission for permission to issue first mortgage bonds, unsecured notes and common stock. **Proceeds**—To build pipe line system to cost about $111,000,000. **Underwriters** — Stone & Webster Securities Corp. and White Weld & Co., both of New York.

Missiles-Rockets-Jets & Automation Fund, Inc.
On Jan. 7 this new fund registered under the Investment Company Act of 1940. Plans to issue $15,000,000 common stock, of which $7,500,000 will be underwritten on a firm basis by Ira Haupt & Co. **Price**—$10. **Proceeds**—For investment. **Technological Advisors**—Include Dr. Theodore von Karman, Chairman of the advisory group for aeronautical research and development of NATO.

★ Montana-Dakota Utilities Co.
March 24 it was reported the company plans to issue and sell an undetermined amount of first mortgage bonds in the latter part of this year or in early 1959. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith and Kidder, Peabody & Co., Inc., (jointly); and Blair & Co., Inc.

★ Montreal (City of) (5/6)
March 27 it was reported an offering of $35,000,000 of debentures is planned in the United States. **Underwriter**—To be determined by competitive bidding. Probable bidders: Shields & Co., Halsey, Stuart & Co., Inc., Savard & Hart, and Salomon Brothers & Hutzler (jointly); Lehman Brothers, White, Weld & Co., Eastman Dillon, Union Securities & Co., and Blyth & Co., Inc. (jointly). **Bids**—Expected to be received on May 6. **Registration**—Planned for around April 11.

Moore-McCormack Lines, Inc.
March 24 it was announced company plans to issue and sell $24,000,000 of government insured bonds secured by a first preferred ship mortgage on the liners S. S. Brazil and S. S. Argentina. **Underwriters**—Kuhn, Loeb & Co. and Lehman Brothers, both of New York. **Offering**—Expected this Summer.

● Mountain Fuel Supply Co.
March 27 it was reported company expects to offer a debenture issue prior to July 1, 1958. **Proceeds**—Among other things, to repay $11,000,000 of bank loans. **Underwriter**—The First Boston Corp., New York. **Offering**—Expected sometime before June 1.

National Distillers & Chemical Corp.
March 3 it was reported company is expected to issue and sell about $50,000,000 to $60,000,000 long-term securities. **Proceeds**—Will probably be used to repay bank loans and for new construction. **Underwriters**—Glore, Forgan & Co. and Harriman Ripley & Co. Inc., both of New York.

★ Naxon Telesign Corp.
March 19 it was announced by this corporation that it plans to issue and sell 120,000 shares common stock (par $1). **Price** — $5 per share. **Underwriter** — Auchincloss, Parker & Redpath, Washington, D. C. **Offering**—Expected late in April.

New England Power Co. (6/11)
March 3 it was announced this company, a subsidiary of New England Electric System, proposes to file $10,000,000 principal amount of first mortgage bonds, series H, due 1988. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith; Kidder Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Blair & Co., Inc. (jointly). **Bids**—Tentatively scheduled to be received on June 11 at 441 Stuart St., Boston 16, Mass. **Registration**—Expected early in May.

★ New York State Electric and Gas Co.
March 7 it was announced that approximately $7,500,000 from additional financing will be required for construction expenditures for the balance of this year. The management intends to negotiate a new line of credit with a group of banks and expects to sell equity securities later this year or in early 1959, depending upon prevailing market conditions. **Underwriter**—For any common stock: The First Boston Corp., New York.

● New York Telephone Co. (5/20)
March 14 company sought approval of the New York Public Service Commission to issue and sell $60,000,000 of refunding mortgage bonds, together with 1,200,000 shares of common stock, par $100 (the latter to American Telephone & Telegraph Co.). **Proceeds**—To retire short-term bank borrowings. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected on May 20.

New York Telephone Co.
March 14 it was also announced company seeks approval of an issue of $70,000,000 additional refunding mortgage bonds, subject to favorable market conditions. **Proceeds**—To refund a like amount of series J 4½% bonds sold last year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Niagara Mohawk Power Co.
March 3 it was reported company may issue and sell $50,000,000 of mortgage bonds, probably this fall. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.

Northern Indiana Public Service Co.
March 12 it was announced company plans to spend an estimated $76,500,000 for construction in the years 1958-1959. Of this about $55,000,000 will be raised from sale of additional securities, the nature of which will be determined on conditions at time financing is undertaken.

Northern Pacific Ry. (4/15)
Bids are expected to be received by this company on April 15 for the purchase from it of about $7,600,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Northern States Power Co. (Minn.)
Jan. 13 it was reported that the company may be considering the issue and sale this Summer of about $25,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly).

● Oklahoma Gas & Electric Co. (6/17)
Feb. 3 it was reported company plans to issue and sell $15,000,000 of bonds this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; The First Boston Corp.; Kuhn, Loeb & Co., Merrill Lynch, Pierce, Fenner & Smith and White, Weld & Co. (jointly); Harriman Ripley & Co. Inc. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Tentatively expected to be received on June 17.

★ Olen Co.
March 26 it was reported that the company plans early registration of 100,000 shares of common stock. **Business**—Operates department stores. **Underwriter**—R. S. Dickson & Co., Charlotte, N. C.

★ One William Street Fund, Inc.
April 2 it was reported this Fund expected in the very near future to register with the SEC an issue of 3,000,000 shares of capital stock. **Price**—$12.50 per share. **Proceeds**—For investment. **Underwriter**—Lehman Brothers, New York. **Offering**—Expected in May.

Pacific Gas & Electric Co.
March 20 the company announced it plans a common stock offering about the middle of this year, first to present stockholders and then to public. **Underwriter**—Blyth & Co., Inc., New York.

★ Pacific Gas & Electric Co.
March 20 it was reported company plans sale of an undetermined amount of bonds and preferred stock in the latter part of this year or early 1959. **Underwriter**—(1) For bonds to be determined by competitive bidding. Probable bidders—The First Boston Corp. and Halsey,Stuart & Co. Inc. (jointly); Blyth & Co., Inc.; (2) For preferred stock: Blyth & Co., Inc.

Pacific Telephone & Telegraph Co.
Jan. 8 it was reported company plans $300,600,000 capital outlay program. **Proceeds**—For construction program in 1958 and 1959 ($137,000,000 in 1958). **Underwriter**—To be determined by competitive bidding. Probable bidders— Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Pennsylvania Power Co.
March 7 it was announced company plans to sell later in 1958 $6,000,000 of additional securities. **Underwriter**—For any bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder Peabody & Co., White, Weld & Co., Equitable Securities Corp., and Shields & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner and Smith, and Dean Witter & Co. (jointly).

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Philadelphia Electric Co. (4/29)
Jan. 27 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds due 1988. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co.; Morgan Stanley & Co. and Drexel & Co. (jointly). **Bids**—Expected to be received up to noon (EST) on April 29. **Registration**—Planned for April 3.

★ Pittsburgh & Lake Erie RR. (4/24)
Bids are expected to be received by the company in New York on April 24 for the purchase from it of $3,900,000 equipment trust certificates to mature in 15 equal annual instalments of $260,000 each. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

● Potomac Electric Power Co. (4/23)
March 27 it was announced that the company plans to offer $19,700,000 of convertible debentures for subscription first by common stockholders of record April 22, 1958 on basis of $100 of debentures for each 30 common shares owned. **Proceeds** — For construction program. **Underwriter** — Johnston, Lemon & Co., Washington, D. C., and Dillon Read & Co. Inc., New York.

★ Public Service Co. of Colorado (5/21)
April 3 company announced it plans to issue and sell $16,000,000 par value of cumulative preferred stock. **Proceeds**—For 1958 construction program. **Underwriters**—The First Boston Corp., Blyth & Co., Inc. and Smith, Barney & Co., all of New York. **Registration**—Planned about the end of April.

● Public Service Co. of Oklahoma (5/12)
Jan. 20 it was reported company plans to issue and sell in May $16,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.: and Shields & Co. (jointly); Blyth & Co., Inc.; Salomon Bros. & Hutzler; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co. (jointly); The First Boston Corp.; Glore, Forgan & Co.; Equitable Securities Co. **Bids**—Expected May 12. **Registration**—Scheduled for April 14.

Public Service Electric & Gas Co. (6/17)
March 20 it was reported that the company plans to issue and sell some additional debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Lehman Brothers (jointly). **Bids**—Tentatively scheduled to be received on June 17. **Registration**—Expected on May 21.

Southern Nevada Power Co.
Dec. 3 it was announced company plans to raise in mid-1958 between $5,000,000 and $6,000,000 new capital, about two-thirds of which will be through bond financing and the balance through common stock financing. **Underwriter**—For stock, may be Hornblower & Weeks, William R. Staats & Co. and The First California Co. (jointly). For bonds, to be determined by competitive bidding. Only bidders in 1956 for $4,000,000 bonds were Halsey, Stuart & Co. Inc.; Hornblower & Weeks and William R. Staats & Co. (jointly).

Southern Pacific Co. (4/21)
Bids are expected to be received by the company on April 21 for the purchase from it of approximately $8,000,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Southern Railway Co.
March 20 it was reported that the company plans to issue about $20,000,000 of bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder Peabody & Co., Inc.; The First Boston Corp. and White, Weld & Co. (jointly); Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly).

Tel-A-Sign Inc., Chicago, Ill.
March 3, it was announced the company plans to file with the SEC a proposal to issue 180,000 shares of common stock (par 20 cents). **Price** — To be determined at time of offering. **Proceeds**—For working capital and other corporate purposes. **Underwriters**—Floyd D. Cerf Jr. Co. Inc., Chicago, Ill.; Charles Plohn & Co., New York, N. Y., and Clayton Securities Corp., Boston, Mass.

Texas Co.
March 20 it was announced that the company will issue $150,000,000 of 25-year debentures. **Proceeds**—To retire bank loans—and for other corporate purposes. **Underwriter**—Dillon, Read & Co. Inc., New York. **Registration**—Expected shortly.

Toledo Edison Co.
Jan. 20 it was reported company plans to issue and sell about $15,000,000 of first mortgage bonds in April or May of this year. **Proceeds**—To repay bank loans. **Underwriter**—If issue is not placed privately, underwriter may be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co.; and Salomon Bros. & Hutzler (jointly); Carl M. Loeb, Rhoades & Co.; The First Boston Corp.; White, Weld & Co.

Tuttle Engineering, Inc., Arcadia, Calif.
Feb. 10, Leo L. Strecker, President, announced corporation plans issue and sale in near future of $1,000,000 convertible debentures or preferred stock, to be followed later in 1958 by the sale of about $5,000,000 of common stock. **Proceeds**—For working capital and other corporate purposes.

★ Union Electric Co., St. Louis, Mo.
March 28 it was announced company plans to market about $30,000,000 of common stock in the latter part of this year or in the first quarter of 1959. **Proceeds**—For construction program.

United Gas Improvement Co. (5/13)
Jan. 28 it was reported company plans to issue and sell $15,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and Drexel & Co. (jointly); Blair & Co., Inc.; The First Boston Corp.; Kidder, Peabody & Co.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on May 13. **Registration**—About April 11.

Virginia Electric & Power Co. (6/10)
Dec. 26 it was reported company plans to issue and sell $25,000,000 bonds or debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co. and American Securities Corp. (jointly). **Bids**—Tentatively expected to be received on June 10.

Virginian Railway Co.
March 20 it was reported that the company plans an offering of $15,000,000 of bonds, subject to ICC approval. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co., Inc.; Kidder, Peabody & Co., Inc., and White, Weld & Co. (jointly); Shields & Co.

Washington Gas Light Co.
March 24 it was announced company plans to issue and sell about $7,000,000 of new securities, which may include some preferred stock. **Proceeds**—For construction program. **Underwriters**—Johnston, Lemon & Co., Alex. Brown & Sons, Auchincloss, Parker & Redpath and Folger, Nolan Inc. **Offering**—May be early in Summer.

Washington Natural Gas Co.
Oct. 18 the directors authorized the sale of $5,000,000 in debentures. **Proceeds**—For expansion program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Wisconsin Power & Light Co.
March 17 it was announced that company plans to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—To retire bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Robert W. Baird & Co., Inc. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co., Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); The First Boston Corp. **Offering**—Not expected until late in 1958 or early in 1959.

Wisconsin Power & Light Co. (5/9-27)
March 17 it was announced company plans to offer to its common stockholders the privilege of subscribing for 241,211 additional common shares at the rate of one new share for each 12 shares held and to preferred stockholders, subject to allotment, an issue of 30,000 shares of cumulative preferred stock (par $100). **Proceeds**—To retire bank loans and for construction program. **Underwriters**—Smith, Barney & Co. and Robert W. Baird & Co., Inc. **Offering**—Tentatively expected in May.

Wisconsin Public Service Corp.
March 4 it was announced company plans to sell about $12,500,000 of new securities in the last half of the current year. The type of securities has not yet been decided on. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For any bonds—Halsey, Stuart & Co. Inc.; White Weld & Co.; The First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co., and American Securities Corp. (jointly). (2) For any preferred stock—Merrill Lynch, Pierce, Fenner & Smith; Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co., (jointly); Lehman Brothers; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); The First Boston Corp.; White, Weld & Co.; Kidder, Peabody & Co.

Worcester Gas Light Co.
Feb. 24 it was reported company may issue and sell $5,000,000 of first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Coffin & Burr, Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received sometime in April.

Our Reporter's Report

Institutional buyers of new corporate securities have demonstrated they won't be "panicked" into a buying mood by the steady efforts of the authorities to force interest rates down in a move to stir up renewed business activity.

Portfolio men, perhaps looking back on the long period of lean days experienced during the artificially easy money period that began with the "pump-priming" maneuvers of the New Deal and carried through World War II and the postwar years, seem determined not to be backed into a similar position this time.

True, the Treasury is borrowing short-term funds at the lowest cost in years, due to pressure of funds on banks and other fiduciary institutions. But those charged with investing other people's money are seemingly determined to secure a "living wage" for such funds.

Certainly their resistance to marking down of yields on new corporate paper has been in evidence as recent offerings have tended to back up onto dealers' shelves in a number of instances.

Again they have more or less discouraged several corporations which had been looking toward refinancing debt issues, put out last summer and fall, from undertaking such projects.

The pension funds which took up a lot of the slack in recent years when other big investors turned away from low-yielding corporate issues, except where private placement was the case, are now thinking pretty much along the same lines as their counterparts.

So that underwriters, in seeking out new deals at competitive bidding, find it necessary to key their ideas to what they figure prospective buyers are willing to consider.

Diversified Bids

The experience of Idaho Power Co., on its offerings of $10 million of bonds and an equivalent amount of debentures indicated how underwriters are "feeling around" for the right terms.

The successful bidders took down the bonds on a bid of 99.3399 for a 4% coupon. Five other bids were received, all for 4⅛%, the best being 100.611.

For the debentures the successful bidder paid the issuer a price of 100.3599 for a 4¼% coupon rate. Here too, five other bids were opened four for the same coupon rate but with one group setting a 4⅜% coupon.

Priced at 100 to yield 4% the bonds moved out readily, but the debentures with a tag of 101⅛ to yield 4¼%, were reported sluggish.

Uncertainty

There is currently considerable uncertainty regarding New York Telephone Co.'s projected plans for early refinancing of $70 million of series J 4½% bonds sold last year.

It had been indicated that the big company would seek to refund this issue on a lower cost basis some time during the current month. But the project currently appears to be cooling off, judging from comment around.

New York Telephone, however, has scheduled $60 million of refunding mortgage bonds for next month, together with 1.2 million shares of common stock the latter to go to American Telephone & Telegraph Co.

Highly Concentrated

Next Wednesday finds bankers faced with one of the biggest days in quite a while in the new corporate issue field. For in all, four issues involving $185 million are slated for market that day. And only one, Duquesne Light Co.'s $15 million of new bonds will be up for competitive bidding.

American Can's $80 million of debentures tops the list, followed by Joseph E. Seagram & Sons Inc.'s $60 million of 25-year debentures. Pacific Petroleums, Ltd., the same day will be marketing $30 million of 15-year debentures.

This list affords a fair choice of industry and also of maturity. And, on Friday, Aluminum Co. of America, through its bankers will market $125 million of debentures.

Joins Francis I. du Pont

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Adlor A. Ferron has become affiliated with Francis I. du Pont & Co., Statler Center.

With William R. Staats

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Fredric H. Kroesche is now with William R. Staats & Co., 640 South Spring Street, members of the New York and Pacific Coast Stock Exchanges.

Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (per cent capacity)	April 6	§48.09	*50.6	52.8	90.6
Equivalent to—					
Steel ingots and castings (net tons)	April 6	§1,298,000	*1,366,000	1,425,000	2,319,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 21	6,262,885	6,256,985	6,807,635	7,819,115
Crude runs to stills—daily average (bbls.)	Mar. 21	¶7,316,000	7,479,000	7,606,000	7,976,000
Gasoline output (bbls.)	Mar. 21	24,997,000	25,647,000	25,937,000	25,060,000
Kerosene output (bbls.)	Mar. 21	2,352,000	2,693,000	2,366,000	2,265,000
Distillate fuel oil output (bbls.)	Mar. 21	11,587,000	11,891,000	12,008,000	12,855,000
Residual fuel oil output (bbls.)	Mar. 21	7,197,000	7,161,000	7,769,000	8,385,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 21	216,907,000	216,525,000	213,116,000	205,521,000
Kerosene (bbls.) at	Mar. 21	17,178,000	17,459,000	18,596,000	19,978,000
Distillate fuel oil (bbls.) at	Mar. 21	78,449,000	81,853,000	96,668,000	77,603,000
Residual fuel oil (bbls.) at	Mar. 21	55,013,000	55,061,000	55,435,000	36,886,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 22	533,019	539,057	492,389	685,836
Revenue freight received from connections (no. of cars)	Mar. 22	514,870	529,025	480,628	645,087
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 27	$441,190,000	$278,262,000	$304,665,000	$358,987,000
Private construction	Mar. 27	196,086,000	132,318,000	128,238,000	133,498,000
Public construction	Mar. 27	245,104,000	145,944,000	176,427,000	225,489,000
State and municipal	Mar. 27	190,240,000	113,411,000	132,177,000	141,245,000
Federal	Mar. 27	54,864,000	32,533,000	44,250,000	84,244,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 22	7,440,000	*7,635,000	6,790,000	10,355,000
Pennsylvania anthracite (tons)	Mar. 22	328,000	322,000	427,000	422,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 22	109	106	82	113
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 29	11,645,000	11,756,000	11,803,000	11,694,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 27	327	357	331	290
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 25	5.967c	5.967c	5.967c	5.670c
Pig iron (per gross ton)	Mar. 25	$66.49	$66.49	$66.49	$64.56
Scrap steel (per gross ton)	Mar. 25	$35.00	$36.33	$37.33	$45.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 26	24.350c	23.650c	24.375c	31.250c
Export refinery at	Mar. 26	21.725c	20.925c	19.725c	29.200c
Lead (New York) at	Mar. 26	13.000c	13.000c	13.000c	16.000c
Lead (St. Louis) at	Mar. 26	12.800c	12.800c	12.800c	15.800c
‡Zinc (delivered) at	Mar. 26	10.500c	10.500c	10.500c	14.000c
Zinc (East St. Louis) at	Mar. 26	10.000c	10.000c	10.000c	13.500c
Aluminum (primary pig, 99%) at	Mar. 26	26.000c	26.000c	26.000c	25.000c
Straits tin (New York) at	Mar. 26	93.500c	93.625c	94.500c	101.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	April 1	95.94	94.94	94.67	91.19
Average corporate	April 1	95.47	95.32	95.92	96.69
Aaa	April 1	101.80	101.80	102.30	101.47
Aa	April 1	99.52	99.36	100.00	99.36
A	April 1	95.62	95.01	95.62	96.85
Baa	April 1	86.24	86.24	86.78	89.92
Railroad Group	April 1	91.34	91.34	91.77	95.47
Public Utilities Group	April 1	97.16	96.85	97.78	97.00
Industrials Group	April 1	98.25	98.09	98.41	97.94
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	April 1	2.85	2.93	2.95	3.24
Average corporate	April 1	4.04	4.05	4.01	3.96
Aaa	April 1	3.64	3.64	3.61	3.66
Aa	April 1	3.78	3.79	3.75	3.79
A	April 1	4.03	4.07	4.03	3.95
Baa	April 1	4.69	4.69	4.65	4.42
Railroad Group	April 1	4.32	4.32	4.29	4.04
Public Utilities Group	April 1	3.93	3.95	3.89	3.94
Industrials Group	April 1	3.86	3.87	3.85	3.88
MOODY'S COMMODITY INDEX	April 1	394.0	400.1	397.6	409.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 22	239,605	249,513	230,020	257,167
Production (tons)	Mar. 22	273,800	272,450	272,590	288,866
Percentage of activity	Mar. 22	88	88	89	95
Unfilled orders (tons) at end of period	Mar. 22	359,226	393,182	330,479	408,010
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Mar. 28	109.88	109.76	109.33	110.72
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 8	1,338,670	1,060,210	1,485,200	1,138,740
Short sales	Mar. 8	250,750	247,030	324,310	212,910
Other sales	Mar. 8	1,028,180	779,330	1,227,380	986,820
Total sales	Mar. 8	1,278,930	1,026,360	1,551,690	1,199,730
Other transactions initiated on the floor—					
Total purchases	Mar. 8	336,260	278,400	380,420	237,000
Short sales	Mar. 8	35,000	29,100	44,000	29,900
Other sales	Mar. 8	299,360	219,350	390,820	301,400
Total sales	Mar. 8	334,360	248,450	434,820	331,300
Other transactions initiated off the floor—					
Total purchases	Mar. 8	456,204	337,350	541,977	496,296
Short sales	Mar. 8	131,100	94,360	143,760	104,330
Other sales	Mar. 8	570,596	388,815	632,872	492,390
Total sales	Mar. 8	701,696	483,175	776,632	596,720
Total round-lot transactions for account of members—					
Total purchases	Mar. 8	2,131,134	1,675,960	2,407,597	1,872,036
Short sales	Mar. 8	416,850	370,490	512,070	347,140
Other sales	Mar. 8	1,898,136	1,387,495	2,251,072	1,780,610
Total sales	Mar. 8	2,314,986	1,757,985	2,763,142	2,127,750
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Mar. 8	1,117,796	933,532	1,336,171	1,177,300
Dollar value	Mar. 8	$50,083,429	$40,936,390	$57,892,492	$55,432,432
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 8	920,451	799,683	1,013,055	857,273
Customers' short sales	Mar. 8	15,145	22,443	20,961	8,728
Customers' other sales	Mar. 8	905,306	777,240	992,094	848,545
Dollar value	Mar. 8	$39,627,658	$33,864,833	$45,785,039	$40,190,410
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 8	235,870	236,360	233,770	197,500
Short sales	Mar. 8				
Other sales	Mar. 8	235,870	236,360	233,770	197,500
Round-lot purchases by dealers—					
Number of shares	Mar. 8	472,980	364,360	582,190	501,530
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Mar. 8	736,690	693,290	903,330	481,960
Other sales	Mar. 8	10,232,890	8,379,320	11,922,930	9,486,490
Total sales	Mar. 8	10,969,580	9,072,610	12,826,260	9,968,450
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	Mar. 25	119.8	*119.6	119.2	117.0
Farm products	Mar. 25	100.4	99.8	97.3	89.1
Processed foods	Mar. 25	110.7	109.9	109.7	104.1
Meats	Mar. 25	108.8	106.1	103.7	84.7
All commodities other than farm and foods	Mar. 25	125.9	125.9	125.8	125.3

*Revised figure. ¶Includes 882,000 barrels of foreign crude runs. §Based on new annual capacity of 140,742,570 tons as of Jan. 1, 1958, as against Jan. 1, 1957 basis of 133,459,150 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Feb. 28:			
Imports	$261,285,000	$272,821,000	$307,130,000
Exports	446,690,000	460,866,000	388,872,000
Domestic shipments	11,501,000	11,180,000	12,132,000
Domestic warehouse credits	468,885,000	374,940,000	114,640,000
Dollar exchange	110,250,000	65,040,000	2,249,000
Based on goods stored and shipped between foreign countries	224,156,000	237,280,000	167,150,000
Total	1,522,767,000	1,422,127,000	992,173,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of February:			
Manufacturing number	208	219	199
Wholesale number	112	130	106
Retail number	662	676	568
Construction number	177	176	180
Commercial service number	79	78	93
Total number	1,238	1,279	1,146
Manufacturers' liabilities	$24,331,000	$24,917,000	$33,402,000
Wholesale liabilities	5,870,000	5,505,000	6,291,000
Retail liabilities	23,038,000	20,788,000	14,780,000
Construction liabilities	8,747,000	9,868,000	8,440,000
Commercial service liabilities	3,309,000	3,364,000	2,493,000
Total liabilities	$65,295,000	$64,442,000	$65,406,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of February	10,466	13,080	10,791
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of Feb. 28 (000's omitted)	$776,000	$654,000	$555,000
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of Jan. 31:			
Total consumer credit	$43,966	*$44,776	$41,138
Instalment credit	33,737	*34,105	31,568
Automobile	15,326	15,496	14,410
Other consumer goods	8,499	*8,687	8,305
Repairs and modernization loans	1,963	1,984	1,872
Personal loans	7,949	7,938	6,981
Noninstalment credit	10,229	10,671	9,570
Single payment loans	3,514	3,502	3,199
Charge accounts	4,264	4,760	4,111
Service credit	2,451	2,409	2,260
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—U. S. DEPT. OF LABOR—Month of February:			
Weekly earnings—			
All manufacturing	$80.85	$81.06	$82.41
Durable goods	86.52	87.14	88.75
Nondurable goods	73.34	73.54	73.10
Hours—			
All manufacturing	38.5	38.6	40.2
Durable goods	38.8	38.9	40.9
Nondurable goods	38.2	38.3	39.3
Hourly earnings—			
All manufacturing	$2.10	$2.10	$2.05
Durable goods	2.23	2.24	2.17
Nondurable goods	1.92	1.92	1.86
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49 = 100—Month of Feb.:			
Seasonally adjusted	130	133	146
Unadjusted	131	132	148
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE—Month of February (000,000's omitted):			
Ordinary	$3,499	$3,467	$3,252
Industrial	459	428	509
Group	902	1,507	1,239
Total	$4,860	$5,402	$5,000
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of Feb.:			
Industrials (125)	4.49	4.40	4.27
Railroads (25)	7.06	6.80	6.55
Utilities (not incl. Amer. Tel. & Tel.) (24)	4.62	4.64	4.82
Banks (15)	4.78	4.93	4.59
Insurance (10)	3.12	3.16	3.10
Average (200)	4.62	4.56	4.44
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of February	£70,494,000	£24,611,000	£28,059,000
PROSPECTIVE PLANTING FOR 1958 — U. S. CROP REPORTING BOARD — ACREAGES IN THOUSANDS—As of March 1:			
Corn, all	75,143	———	73,985
All spring wheat	12,588	———	12,384
Durum	1,179	———	2,365
Other spring	11,409	———	10,019
Oats	39,658	———	43,020
Barley	16,034	———	16,537
Flaxseed	4,607	———	5,562
Rice	1,456	———	1,370
Sorghums for all purposes	23,519	———	26,958
Potatoes:			
Winter	38	———	46
Early spring	32	———	32
Late spring	173	———	176
Early summer	103	———	101
Late summer and fall	1,078	———	1,064
Total	1,424	———	1,419
Sweet potatoes	294	———	292
Tobacco	1,096	———	1,123
Beans, dry edible	1,544	———	1,464
Peas, dry field	249	———	284
Soybeans	23,985	———	21,804
Peanuts	1,795	———	1,805
Hay	72,533	———	73,776
Sugar beets	915	———	918
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of December:			
Net railway operating income	$58,981,356	$64,243,355	$85,879,125
Other income	55,969,353	21,109,500	50,181,518
Total income	114,950,709	85,352,855	136,060,643
Miscellaneous deductions from income	6,082,124	4,799,460	5,657,731
Income available for fixed charges	108,868,585	80,553,395	130,402,912
Income after fixed charges	78,218,616	49,539,296	100,461,728
Other deductions	4,592,343	4,345,216	4,805,410
Net income	73,626,273	45,194,080	95,656,318
Depreciation (way & structure & equipment)	48,215,327	48,981,456	46,361,594
Federal income taxes	205,237	16,206,385	16,524,044
Dividend appropriations:			
On common stock	24,316,285	68,957,240	22,335,099
On preferred stock	1,496,302	4,899,731	2,152,457
Ratio of income to fixed charges	3.55	2.60	4.36

Details of Lehman's Open-End Fund to Be Revealed Mon.

Details of the much-rumored mutual fund to be created by Lehman Brothers, now prominently identified with the king-sized closed-end Lehman Corporation, will be officially disclosed at a press conference to be held in this city next Monday, April 7. Current indications are that the new fund will be known as the One William Street Fund, Inc. and will be initially capitalized at $37,500,000, consisting of 3,000,000 shares to be priced at $12.50 a share. Public offering of the issue is expected to be made sometime in May via a syndicate to be managed by Lehman Brothers. Officers of the fund, it is believed, will include: President, Dorsey Richardson, currently Vice-President of Lehman Corporation; Vice-President, Edward B. Burr, now Executive Director of the National Association of Investment Companies. The One William Street Sales Corp. is expected to be the national underwriter for the new fund and the position of national sales manager of the corporation will be held by Richard Gibson, formerly Vice-President of Lehman Corporation.

With Samuel Franklin

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Arthur Diamond is now connected with Samuel B. Franklin & Company, 215 West Seventh Street.

Mutual Funds

By ROBERT R. RICH

Tri-Con Executive Discusses Utility Stocks

Public utilities should make their common stocks just as aggressive a holding for the investor as industrial stocks, a New York investment company manager told public utility executives attending the Southeastern Electric Exchange conference.

Frederick W. Page, Vice-President of Tri-Continental Corp., the nation's largest diversified closed-end investment company, declared the utilities can achieve this result "if you obtain a strong growth trend in per-share earnings combined with improved price-earnings ratios."

Noting that utilities are generally considered as defensive securities, the Tri-Continental executive reported on the excellent showing made by utility common stocks in the large investment company's portfolio. They appreciated 8.3% in 1957, Mr. Page said, compared with a 12.7% decline for the Dow-Jones Industrial Average. Over the past 10 years they have gained 277% in value compared with a 140% gain for the Dow-Jones Industrial Average.

"There has," he explained, "been a wide divergence in earnings among the utilities, and yet even the slowest moving utilities have been able to keep pace with the industrials during the past seven-year period which included a minor war, tight money and strong inflation, all of which are supposedly bad for utilities.

"The rate of increase in earnings of the non-city utilities during this period has been over two and one-half times that of the industrials. And still most investors will tell you that utilities earnings are slow moving."

Mr. Page attributed much of this thinking to "the comparatively poor market action of the more prominent utilities that has helped to convince people that they are right in considering utilities as sluggish, defensive securities."

"It is my opinion," he added, "that the investing public has been sold a bill of goods on an idea that is not based on fact."

While utilities price-earnings ratios may in some instances seem high in relation to past periods, Mr. Page noted that "they are not as inflated as many industrials having similar earnings trends."

"If you will make your stocks aggressive investments," the Tri-Continental executive predicted to the utilities officials, "I have no doubt as to your ability to attract capital at reasonable costs over the long run."

Mr. Page warned the utilities executives that the general public regards utilities stocks as "purely defensive securities."

"Since defensive securities," he declared, "acquire popularity only during periods of recessions and uncertainty when capital requirements are the lightest, it is against your interest to have your stocks sell on this basis. Although many prominent utilities have a market history that lends credence to this theory, it need not be true and it is not true for a large segment of the industry."

He brought out that Tri-Continental and three associated mutual funds—Broad Street Investing Corp., National Investors Corp. and Whitehall Fund, Inc.—have $129,000,000 invested in utilities, $84,000,000 in common stocks and the rest in bonds and preferred stocks. Additionally, he said, J. & W. Seligman & Co., of which he is a partner, has about $22,000,000 invested in utility common stocks through its investment advisory department. The common stockholdings in total account for over 22% of the aggregate funds involved.

Keystone K-1 Maintains Its 24c Dividend

Keystone Income Fund K-I maintained its semi-annual dividend of 24 cents per share from a diversified portfolio of approximately 20% bonds, 40% preferred stocks and 40% common stocks, according to the semi-annual report for the six-months' period ended Feb. 28.

Number of shareholders increased by 900 and net purchases of new shares amounted to $2,500,000 during the last six months of 1957, when common stock prices were in a sharply declining trend. In the last two years, since the conversion of K-I from an income preferred to a fully managed fund, the number of shareholders has increased 20% to 23,000 and the number of shares outstanding 37% to 5,854,700. In that same period total net assets have grown from $41,455,944 to $45,495,820.

Major additions in the first half of the current fiscal year were 21,000 shares of American Bakeries Co. and 15,200 shares of Singer Manufacturing Co. Keystone also increased its positions in Pullman Incorporated and Hilton Hotels Corp. 5½% cumulative conv. pfd. "A". Among the eliminations were the preferreds of El Paso Natural Gas Co. and common stock holdings in Phelps Dodge Corp.; United Fruit Co. and Texas Gulf Sulphur Co.

As of Feb. 28, the largest holdings in each of the three securities categories were American & Foreign Power Co. bonds, Kaiser Steel Corp. preferred stock and Public Service Electric & Gas common stock.

	Feb. 28, '58	Feb. 28, '57
Total net assets	$45,495,820	$43,683,013
Shares outstanding	5,854,700	5,155,467
No. shareholders	23,047	21,726
Asset value per sh.	$7.77	$8.47
Inc. per sh. (6 mos.)	0.24	0.24

NEW BOOKLET

A new eight-page booklet titled "The Investment Facts of Life" is being offered to investors by Lee Higginson Corp., 20 Broad Street, New York City. This booklet includes a chart showing the mutual funds deemed suitable for minors, businessmen, younger people, etc.

Cole, Others Join E. F. Hutton Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Cornelius Cole, II, James A. Curlette and Wilfrid H. Stiles have become associated with E. F. Hutton & Company, 623 South Spring Street. Mr. Cole, who has been in the investment business for many years was formerly with Hemphill, Noyes & Co., and prior thereto was Los Angeles Manager for Francis I. du Pont & Co.

Scudder Canada Assets Now at $43.7 Million

Interim report of Scudder Fund of Canada Ltd. for the three months ended Feb. 28, 1958, the third quarter of the company's fiscal year, shows that net asset value was $43,708,663 (Canadian dollars), equal to $37.41 (U. S. dollars) a share on 1,193,000 outstanding shares. Three months earlier, on Nov. 30, 1957, net asset value was $45,037,747 (Canadian) or $38.94 (U. S.) a share on the same number of shares.

Hardwick Stires, President, said that during the three months covered by the report "some bank stocks and certain consumers goods companies have been replaced with construction companies, other cyclical industrials, and some of the more promising Western oils. A beginning was made toward increasing our investment in the paper industry."

During the peak of the boom in Canada, he said, "concentration of financial and other resources on the expansion of basic industries made it necessary for the Government to discourage private housing construction by credit restrictions. Following liberalization of credit last Fall, housing construction expanded sharply. Current estimates for 1958 are 15% above 1957."

Holdings of common stocks on Feb. 28 amounted to 92.4% of net assets. The largest group holding was petroleum stocks, which comprised 28.7% of net assets. Other major group holdings of common stocks included: metals and minings, 17.3%, public utility, 8.5%, paper, 8.1%, steel, 7.8%, merchandising, 6.7%, banking and finance, 6.6%.

Purchases during the quarter included: 12,000 shares MacMillan & Bloedel "B," $100,000 principal amount of British Petroleum 6% convertible debentures 1976-80, 5,000 shares International Petroleum Co., Ltd., 9,000 shares Home Oil Co. Ltd. "A," 2,000 shares Steel Company of Canada.

Sales during the quarter included: 4,000 shares Royal Bank of Canada, 4,000 shares Dominion Stores Ltd., 8,200 shares Dominion Bridge Co., Ltd., 4,000 shares Bank of Montreal, 165 shares Unilever N.V. (1000 G.P.), 2,550 shares Canada Packers Ltd. "A," 2,000 shares Canadian Bank of Commerce.

Funds to Merge

A special meeting of stockholders of Science & Nuclear Fund has been called for April 14, 1958, to vote on a proposed merger of the Philadelphia mutual fund into Nucleonics, Chemistry & Electronics Shares, also a mutual fund with headquarters in Englewood, New Jersey.

Under the proposal, approved by the boards of directors of both companies, Science & Nuclear Fund would be merged through the issue of shares of NCE in exchange for the assets of Science & Nuclear Fund. Each S. & N. shareholder would receive shares of NCE in the equivalent net asset value of his former shares in S. & N., plus cash for fractional shares.

Science & Nuclear Fund had total net assets of $1,010,049 or $10.05 a share on March 18, last. On the same date NCE's assets were $1,785,200 or $8.33 a share.

The approval of two-thirds of the outstanding stock of both funds is required to make the merger effective as of April 16, 1958. NCE shareholders vote on the proposal on April 15, 1958.

The management of NCE plans to qualify its shares for exemption from Pennsylvania personal property taxes in the event the merger is effected.

American Business Share Value Gains 6½%

American Business Shares, Inc., a balanced fund, reports an increase of 24 cents a share, or 6½%, in the asset value of its shares during the three months ended Feb. 28, 1958, the first quarter of its current fiscal year, which began Dec. 1, 1957.

Net assets were $26,710,155, or $3.87 a share on Feb. 28, compared with $25,646,831 or $3.63 a share on Nov. 30, 1957.

Increases in the market values of bonds and preferred stocks on the one hand and common stocks on the other contributed about equally to the increase in the value of the shares, according to H. I. Prankard 2nd, President.

In the period there were no additions to investment holdings, but the following securities were eliminated by sale: Tennessee Gas Transmission 3⅞-1976 bonds, Kaiser Aluminum and Chemical 4¾% preferred stock and New York State Gas and Electric Corporation common stock.

Indications Point To Resumption of Canadian Growth

The management of Canada General Fund Limited are optimistic about the Dominion's promising long-range growth potential and is continuing to buy common stocks of Canadian corporations, it was announced by Henry T. Vance, President.

Canadian security prices, Mr. Vance noted, have fluctuated within a narrow range in recent months. Net asset value of the fund's shares as of March 20 was $11.13 as compared with $11.15 on Nov. 30, 1957 and $10.78 on Feb. 28. Net assets declined to $70,195,430 from $73,556,279 during the quarter ended Feb. 28.

Mr. Vance noted that there are many indications that the downward curve of Canada's economy appears to have run its course and that continuance of the postwar expansion may not be far off. It is stated that residential building starts, aided by $300 million of new mortgage money, are at seasonal highs this winter. In addition, there are other good signs such as the decline in the premium on the Canadian dollar from record levels; inventory position in a great many lines have been reduced to record lows; population continues to increase; plus the prediction that the sale of oil could increase by 60% as a result of Canadian oil being introduced into the Montreal market.

A big plus factor, cites Mr. Vance, has been the number of constructive steps taken by the Canadian Government to stimulate the country's economy. Income taxes, for example, already have been cut by $175 million, unemployment benefits and old age pensions have been increased and extended, automobile excise taxes have been reduced by 25%, a public works program of $268 million has been announced which is anticipated to expand to $1.1 billion by the year-end, and Canadians themselves are showing confidence in their own economy. Capital expenditures for 1958 are estimated at $8.5 billion or nearly equal to the $8.7 billion of 1957.

Any discussion of the Canadian economic scene, he pointed out, should not overlook the important fact that any decisive resumption of Canada's forward-moving industrial and economic development must key in with a stronger economic picture in the U. S., even though Canada may well lead the parade on the upturn.

As of Feb. 28, Canada General Fund's investments were diversified among more than 100 issues of securities in 18 industry classifications. The largest holdings were: oil and gas 21.3%, forest products 12.5%, utilities 12% and stores 10.7%.

The quarterly report revealed the addition to the fund's portfolio of McColl-Frontenac Oil, and the elimination of 10,000 shares of Winnipeg & Central Gas Co. Substantial increases were made in the fund's holdings of Calgary & Edmonton Corp., Ltd., Canadian Husky Oil Ltd., Pembina Pipe Line Ltd., Security Freehold Petroleums Ltd. and Sylvanite Gold Mines Ltd.

Atomic Fund Stock Changes

An "Atomic Letter" just released by the distributor of Atomic Development Mutual Fund, Inc., points out how profitable atomic energy work now is for many companies.

Among the firms deriving excellent earnings from atomic energy are High Voltage Engineering Company and Nuclear-Chicago Corp. in the field of instrumentation, Vitro Corp of America in atomic engineering and uranium mining and milling, and Mallinckrodt Chemical Works, a producer of refined uranium and uranium chemicals. These companies showed earnings increases during 1957, ranging from 27% to 198%.

The letter also comments upon the fund's switch of 4,600 shares of Preston East Dome Mines, Ltd. into 2,400 shares of Algom Uranium Mines, Ltd. during February.

The switch was made to take advantage of a sharp deviation from the historical relationship between the two stocks. Algom's 1957 earnings are estimated at over $2 per share, after all charges and Preston's earnings at over 80 cents per share including its proportionate interest in the earnings of Algom.

With Stephenson Firm

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Cal.—Clyde Simas has been added to the staff of Stephenson, Leydecker & Co., 1404 Franklin Street.

With J. A. Hogle

LONG BEACH, Calif.—Kenneth Baker has been a..ded to the staff of J. A. Hogle & Co., 147 East First Street.

SITUATION WANTED

BULL (Y) FOR YOU

This aged 27, married vet, Univ. of Mich. Eco grad, studying MBA in investments, seeking to take bull by the horns. 3 yrs. stk. bkr. exp., option trading, Portf. manag., admin. Box S 320, Commercial & Financial Chronicle, 25 Park Place, New York 7, N. Y

Putnam Growth Assets in 1st Qtr. Are $2.7 Million

Continued growth in net assets to a current total of over $2,700,000 and shareholders to more than 1,600 is reported by The Putnam Growth Fund, a new mutual investment fund with emphasis on long-term growth of capital, under the same management as The George Putnam Fund of Boston.

This compares with assets of over $2,360,000 and 1,300 shareholders reported in the Fund's first Quarterly Report covering the period from the introduction of the Fund on Nov. 6, 1957 to Feb. 28, 1958. The original starting investment of the Fund on Nov. 6 was $179,000 and was supplied principally by the Trustees and members of The Putnam Management Company.

Purchases by investors of new shares of the Fund since organization totaled over $2,360,000 on Feb. 28, of which over $1,278,000 worth were purchased since the first of the year.

At the quarter-end, 49% of the Fund was invested in a compact list of common stocks, Charles M. Werly, Trustee, said, with 14% in bonds and notes and 37% in uninvested cash. The market value of securities owned on Feb. 28 exceeded cost by $33,212.

"As the general business outlook becomes clearer, or as attractive investment opportunities present themselves, the percentage invested in common stocks will be increased," Mr. Werly said, "but we will also continue to seek long-term growth opportunities wherever they may be found regardless of the type of security, industry or geographical location. We believe that today's more sober atmosphere is a good time to lay the foundation for tomorrow's profits."

The ten largest common stockholdings of The Putnam Growth Fund on Feb. 28 included International Business Machines, Royal Dutch Petroleum Co., Dominion Stores, Ltd., Connecticut General Life Insurance Co., Calgary Power, Ltd., Boston Herald-Traveler Corp., Mesabi Iron Co., American Photocopy Equipment Co., Liberty Loan Corp. and St. Regis Paper Co.

Lewis-Davis Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Cal.—William N. Bryant has been added to the staff of Lewis-Davis Inc., 524 South Spring Street.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—L. John Bernatz has joined the staff of Paine, Webber, Jackson & Curtis, 626 South Spring Street.

MEETING NOTICE

LONG ISLAND LIGHTING COMPANY

Notice of Annual Meeting

LIL

April 15, 1958

Notice is hereby given that the Annual Meeting of the Stockholders of Long Island Lighting Company will be held at the Company's Hicksville Operations Center, 175 Old Country Road, Hicksville, New York, on April 15, 1958, at 2 o'clock P.M., to elect eleven directors, to vote on the appointment of Price Waterhouse & Co. as independent public accountants for the year 1958 and to take action on such other business as may properly come before the meeting or any adjournments thereof.

Only holders of common stock of record on the books of the Company at the close of business on March 14, 1958 are entitled to vote at the meeting. The stock transfer books will not be closed.

CHARLES E. ELBERT
Secretary

March 14, 1958

Investment Study Stresses Social Security Benefits

A retired worker and his wife, both 65 or over, would today need $65,133 in the bank at 3% interest to duplicate the $162.80 per month payable to such couples under maximum Social Security benefits. For a life annuity, this same couple would have to spend $24,000 to duplicate, it was disclosed by the latest "Long View" bulletin published by Hugh W. Long & Co., sponsors of Diversified Investment Fund.

The report points out that if the retired worker relied solely on Social Security payments, he must adjust to a lower standard of living while if he continues to work, he may forego part or all his Social Security benefits. A person under 72 who earns more than $2,080 in a year from employment is not eligible for any Social Security benefits.

The interesting point brought out by this report is the fact that no matter how great his annual income from investments, a retired worker continues to receive his full Social Security benefits. Social Security benefits are reduced on the death of either wife or husband but the survivor who inherits mutual fund shares continues to receive all the dividend income paid on those shares. In addition, Social Security provides no income for children over 18 or other heirs of a retired couple but an investment in mutual fund shares can be an income-paying inheritance not only for the investor's survivors, but also for the survivors' heirs regardless of their ages or relationships.

Thus, a mutual fund investment could provide an investor with a supplementary retirement income for himself and his wife—and later, help provide funds for his grandchildren's education.

Closed-End News

In the report of General American Investors Company, Inc., Frank Altschul, chairman of the board, stated that as of March 31, 1958 net assets were $56,308,979, an increase of $166,035 for the three months.

Net assets, after deducting $5,563,000 preferred stock, were equal to $28.19 per share of common stock on the 1,800,220 shares outstanding as compared with $28.09 on Dec. 31, 1957.

Net profit from the sale of securities for the three months was $294,895. Net income from dividends, interest and royalties for the period, after expenses and state and municipal taxes, was $267,757.

FINANCIAL NOTICE

Notice to Security Holders of

UNITED GAS CORPORATION

Earnings Statements for Twelve Month Period Ended February 28, 1958

United Gas Corporation has made generally available to its security holders earnings statements of United Gas Corporation and of United Gas Corporation and Subsidiaries consolidated for the period from March 1, 1957 to February 28, 1958, such period being the 12-month period beginning on the first day of the month next succeeding the effective date (February 27, 1957) of the Registration Statement filed with the Securities and Exchange Commission relating to the sale of $35,000,000 principal amount of First Mortgage and Collateral Trust Bonds, 4½% Series due 1977, of United Gas Corporation. Copies of such earnings statements will be mailed upon request to any of the Corporation's security holders and other interested parties.

J. H. MIRACLE,
Vice-President and Treasurer

1525 Fairfield Avenue
Shreveport 92, Louisiana
March 31, 1958

Taiyo Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Tadashi Onami has been added to the staff of Taiyo Securities Company, 203 South San Pedro Street.

Joins Dean Witter

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—John E. Usher is now affiliated with Dean Witter & Co., 201 East Broadway. He was previously with Dempsey-Tegeler & Co.

DIVIDEND NOTICES

CANCO AMERICAN CAN COMPANY

COMMON STOCK

On March 25, 1958 a quarterly dividend of fifty cents per share was declared on the Common Stock of this Company, payable May 15, 1958 to Stockholders of record at the close of business April 18, 1958. Transfer books will remain open. Checks will be mailed.

JOHN R. HENRY, *Secretary*

CONSUMERS

DIVIDEND NO. 181 ON COMMON STOCK

The Board of Directors of Consumers Power Company has authorized the payment of a dividend of 60 cents per share on the outstanding Common Stock, payable May 20, 1958 to share owners of record April 18, 1958.

DIVIDEND ON PREFERRED STOCK

The Board of Directors also has authorized the payment of a quarterly dividend on the Preferred Stock as follows, payable July 1, 1958 to share owners of record June 6, 1958.

CLASS	PER SHARE
$4.50	$1.12½
$4.52	$1.13
$4.16	$1.04

CONSUMERS POWER COMPANY
JACKSON, MICHIGAN

Serving Outstate Michigan

DIVIDEND NOTICES

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., March 25, 1958

The Board of Directors has this day declared a dividend of Thirty Cents (30c) per share, being Dividend No. 186, on the Common Capital Stock of this Company, payable June 2, 1958, to holders of said Common Capital Stock registered on the books of the Company at the close of business April 25, 1958.

R. M. SWEARINGEN,
Assistant Treasurer
120 Broadway, New York 5, N. Y.

OTIS ELEVATOR COMPANY

COMMON DIVIDEND No. 206

A quarterly dividend of $.50 per share on the Common Stock has been declared, payable April 25, 1958, to stockholders of record at the close of business on April 4, 1958.

Checks will be mailed.

H. R. FARDWELL, *Treasurer*
New York, March 26, 1958.

Pacific Gas and Electric Company

DIVIDEND NOTICE
COMMON STOCK
DIVIDEND NO. 169

The Board of Directors on March 19, 1958, declared a cash dividend for the first quarter of the year of 60 cents per share upon the Company's common capital stock. This dividend will be paid by check on April 15, 1958, to common stockholders of record at the close of business on March 28, 1958.

K. C. CHRISTENSEN,
Treasurer
San Francisco, Calif.

P·G·and·E

DIVIDEND NOTICE

WORLD-WIDE BANKING
CHASE MANHATTAN
CHARTERED 1799

THE CHASE MANHATTAN BANK

The Chase Manhattan Bank has declared a dividend of 60c per share on the 13,090,000 shares of the capital stock of the Bank, payable May 15, 1958 to holders of record at the close of business April 15, 1958.

The transfer books will not be closed in connection with the payment of this dividend.

MORTIMER J. PALMER
Vice President and Secretary

DIAMOND GARDNER CORPORATION

77th CONSECUTIVE YEAR OF DIVIDENDS

GROWING FOR THE FUTURE

diamond gardner

The Board of Directors of Diamond Gardner Corporation on March 27, 1958, declared a regular quarterly dividend of 45c per share on the Common Stock. At the same meeting the Board also declared a quarterly dividend of 37½c per share on the $1.50 Cumulative Preferred Stock. Both dividends are payable May 1, 1958 to stockholders of record April 7, 1958.

PERRY S. WOODBURY
Secretary and Treasurer

MATCHES • CARTONS • PULP PRODUCTS • LUMBER • BUILDING SUPPLIES • WOODENWARE

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Probably the most accurate and comprehensive appraisal of the timber and forestry situation ever made in the United States has just been issued by the Department of Agriculture.

Perhaps all the paper companies, and nearly everybody who owns and deals in paper stock and bonds, and those owning forestry lands, individuals and companies, will be interested in some of the findings of the exhaustive report. The research grows out of a nationwide survey conducted by the U. S. Forest Service in cooperation with the State Foresters, various state agencies, forest industries, and many public and private organizations.

The 700-page report, "Timber Resources for America's Future," cost $7 a copy, and can be obtained from the U. S. Government Printing Office, Washington, D. C.

No Timber Shortage

The growing population of the United States will require almost twice the present production of wood to meet its needs by the year 2000. The only way the demands can be meet is going to require a better job of forestry on all forested lands. Dr. Richard E. McCardle, chief of the U. S. Forest Service, declares that the future demand for wood, soaring to new heights, must be met if America's growing population is to maintain its present standard of living. Wood, paper and other timber products have become an essential part of modern life and higher living standards.

At the same time this country is not faced with an acute timber shortage. Commenting on the report, Dr. McCardle said the research indicates that while there is no timber famine in the offing, shortages will crop up from time to time. Then he added: "But it is equally clear that there is little danger of timber becoming a surplus. To meet future timber demands will take earnest effort. Meeting those demands will require not only early action, but an intensity of forestry practices much higher than those today.

"What we do in the next 10 or 20 years will determine whether we shall grow enough timber to enable our children and their children to enjoy the timber abundance that we ourselves know.

"There are a number of favorable signs in the report. For instance there is as much timber today as there was 10 years ago. Saw timber growth is increasing. There are a series of reasons for this. There have been advances made in fire protection, timber utilization and research. Five million acres of idle lands have been planted in trees."

Progress in Forestry

There has been great progress made in forestry on large industrial holdings all over the country. The individual companies with their nearby mills have done considerably toward spurring on small private owners to reforest cut-over lands.

For instance International Paper Company in the State of Mississippi alone owns about 325,000 acres of land or 2% of the acreage. This is a tremendous acreage for any company to own. The company owns two mills in the state. While there is criticism of companies buying up such tremendous tracts in that and other states, informed forestry people say that International Paper Company has invested large sums in reforesting its cut-over lands in South Mississippi. This area for instance with its long growing season and 60 inches-plus of annual rainfall is ideal for growing pine trees.

Meat for Investors

The meat of the report will be of marked interest to institutions as well as to the many thousands of people who own stocks in paper companies with their many millions of acres of forest lands in the United States. A total of 489 million acres of commercial forest lands in this country currently produce the wood used by 173 million people in homes, industry packaging and synthetics. Forty years from now the United States will have to grow 83% more timber, nearly twice as much as is now produced, to supply the wood needed by a population to rise to 275 million.

The pulp and paper industry is not operating at or near capacity like it did three or four years ago. It is probably around 85%, but it is far higher than the automobile industry and the other big industries. During the 1957 calendar year the paper industry operated at 91% of capacity. This is a level that would bring loud cheers from practically every industry in the U. S. today.

Some economists in the government, who follow the paper industry closely, are confident that by 1961, the demand for more paper industry products will necessitate a further expansion. Because of economic conditions the paper and pulp industry deferred some 5,000,000 tons of pulp capacity during the past couple of years. The cutback or stretch-out of expansion plans did not come any too soon. The reason is the industry found itself in a price squeeze. Despite the downturn in business, the paper manufacturers still had to pay as much or more for labor, for pulp wood, chemicals and freight costs.

Potential Oil, Gas Resources

There are predictions that considerable acreage owned by the paper companies will some day be under lease for oil and gas exploration. Some of the lands are already potential oil and gas producing areas. While International Paper Company, for instance has not mentioned it in its statement to stockholders, the company probably has some of its acreage yielding small annual rentals to oil companies. Certainly privately owned acreage in Mississippi, adjoining some of International's holdings are under lease.

The same of course is perhaps true regarding holdings in the far South of other paper companies. International Paper Company was the first company to bring jobs and a market for pulp in South Mississippi. In adjoining Alabama, Gulf States Paper Corporation, was the first company to bring a major pulp and paper mill to that state. With the mill came jobs and markets for wood. The skilled workers receive average wages higher than other industrial workers of the area. In recent months Gulf States constructed a multi-million dollar plant on the Tombigbee River near Demopolis, some 60 miles from its original plant on the Warrior River at Tuscaloosa.

These two companies were cited merely as examples of their pioneering efforts in sister states. International likewise has holdings of many thousands of acres of land in Alabama, where it has a big newsprint mill at Mobile. Both companies, one big and the other small in comparison, have created many jobs in their respective areas of operation. They have supplied millions of dollars annually to agriculture, and business and the welfare generally of their areas.

Must Rely on Own Resources

"Timber Resources for America's Future," says the United States must rely mainly on the timber grown within its boundaries. It now imports only 10% of the timber consumed, and there is little likelihood of a substantial increase from Canada and other nations. The report indicates that no one really knows how much timber this country can grow, but declares that the potential appears more than double the present growth, if the forestry knowledge and skills are applied.

The key to America's future timber supply lies in the hands of one out of every 10 families who own small forests. More than one-half of the nation's timber lands is owned in small tracts by farmers, businessmen, professional people, housewives, retired folk and others in the timber business. There are 4,500,000 of these owners. Upon them the spotlight of the future must be focused.

How to Increase Supplies

The report cites the following as the four best possibilities for increasing their timber supplies:

(1) Fifty-two million acres, the size of Maryland, Indiana, and Maine combined, needs to be planted.

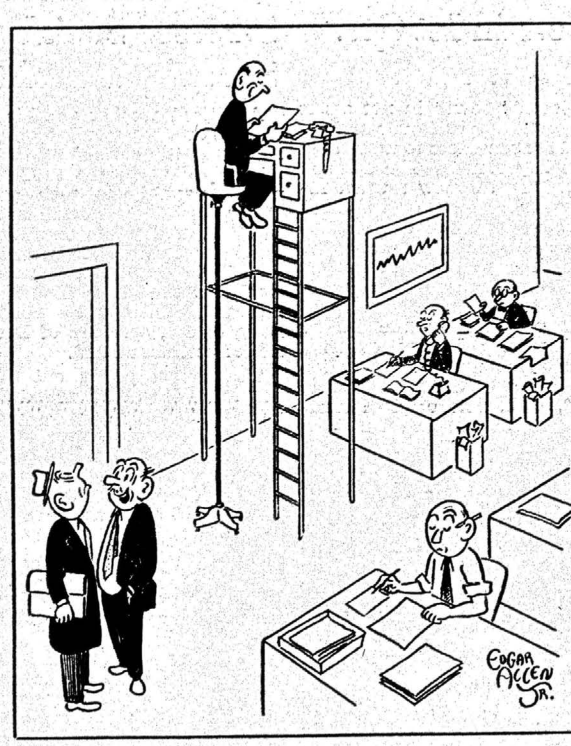
(2) Greater progress needs to be made in holding down losses from disease, insects, fires, and other destructive agents, which are far from licked.

(3) Timber utilization needs to be improved.

(4) Lands need to be left in more productive condition for future growth following cutting.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ



"It's sort of a compromise—he originally wanted a private office!"

Now Liberty Inv. Co.

W. L. Robertson Joins

DENVER, Colo.—The firm name of First International Corporation, Denham Building, has been changed to Liberty Investment Co. William L. Robertson, formerly in business as an individual dealer, has become associated with the firm.

Business Man's Bookshelf

Ambassador World Atlas — C. S. Hammond & Company, Maplewood, N. J., $12.50 plus 36c postage.

Appraisal Survey of Oil and Gas Reserves—John S. Harold, Inc., 250 Park Avenue, New York 17, N. Y., $45.

Automatic Office — A Monthly Management Report — Automatic Office, 5057 Woodward Avenue, Detroit 2, Mich., $24 per year.

Big Change in Europe — Blair Bolles—W. W. Norton & Company, Inc., New York, N. Y. (cloth), $5.95.

Columbia University Press Catalogue Spring 1958 — Columbia University Press, 2960 Broadway, New York 27, N. Y.

Editing the Small Magazine — Rowena Ferguson — Columbia University Press, 2960 Broadway, New York 27, N. Y., $4.50.

European Economic Community—Its Implications for American Business—Banque de Bruxelles, 37 Wall Street, New York 5, N. Y.

Executive Management of Personnel: Getting Results from People—Edward Schleh—Prentice-Hall, Inc., 70 Fifth Avenue, New York 11, N. Y. (cloth), $5.65.

Forging Ahead in 1957—Report of the Ontario Department of Mines—Ontario Department of Mines, Toronto, Ont., Canada (paper).

Growth of Life Insurance in the State of Indiana, 1940-1956—Institute of Life Insurance, 488 Madison Avenue, New York 22, N. Y. (paper).

Growth of Life Insurance in the State of Oregon, 1940-1956—Institute of Life Insurance, 488 Madison Avenue, New York 22, N. Y. (paper).

Industrial Relations in the West Coast Maritime Industry—Betty V. H. Schneider — Institute of Industrial Relations, University of California, 201 California Hall, Berkeley 4, Calif., $4.50.

Inside Georgia: A Handbook of Interesting Facts about the State of Georgia— Citizens & Southern National Bank, Atlanta, Ga. (paper).

Steel and Inflation: Fact vs. Fiction—United States Steel Corporation, Public Relations Department, 61 Broadway, New York 6, N. Y. (paper), on request.

Steel Facts, 1955-1957 — American Iron and Steel Institute, 150 East 42nd Street, New York 17, N. Y. (paper).