A Program to Speed the Return of Prosperity

By DR. NEIL H. JACOBY

Dean, Graduate School of Business Administration, University of California, Los Angeles, Calif.

Former Economic Council advisor to President Eisenhower criticizes dilatory response to present recession in forthrightly judging the time has come for decisive, prompt anti-recession action. Dr. Jacoby presents a four-fold easier credit and "unorthodox" Federal tax-expenditure program after pointing out: (1) dangers in timing governmental intervention; (2) seriousness of this downturn compared with those of 1953-54 and 1948-49; and (3) desirability of taking a calculated risk to allow recovery to proceed from the momentum of the inflation.

Neil H. Jacoby

The Over-the-Counter Market—Vast, Vital, and Voluminous

By DR. IRA U. COBREIGH

Enterprise Economist

In wording the Over-the-Counter market the most dominant factor in the nation's economic life, Dr. Cobleigh provides the reader with an illuminating look at some of the more than approximately 10,000 securities quoted or traded each business day. Study includes a long list of common stocks, available to the investor only in the Over-the-Counter market, with uninterrupted cash dividend payment records ranging from five to 174 years.

We live in a market economy. There is a price at which almost everything can be bought or sold—from a grain of radium to the Empire State Building—from a penny stock to millions of acres of land. Every day literally billions in assets change hands, and a good part of all this vast exchange is in marketable securities, such as stocks and bonds. These securities have in turn, only two places where they can be dealt in, the listed, or the Over-the-Counter Market. Both of those markets are designed to do two things: (1) to provide a meeting place of buyers and sellers where securities can be traded at prices fair to both, and (2) to provide orderly markets sensitive to day to day economic variation.

Dominant Factor in Nation's Economic Life

Because, however, the sales on security exchanges are published in all the major newspapers, and because our language is full of such phrases as "Wall Street closings," "Dow Jones Averages," and "heavy trading on the Big Board," we are inclined to forget that the Over-the-Counter Market . . .

Continued on page 34
The Security I Like Best

A continuous form 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 endorsement call to the purchase of any security.)

D. F. ANDERSON
Vice-President, Investment Corp., San Antonio, Texas

Frigirkar Corp.

The security I like best is the common stock of a small and young Texas corporation which has been operating profitably and with good success each year, to become big—big—in the Texas manner. Incorporated in 1954, and under the aggressive management of Mr. C. D. Remco, Frigirkar Corporation became the successor to the long-established Remco. Since 1949, it has been operated as an entity separate and distinct from Remco. For instance, for example, the company's earnings have increased, by comparison, by 15% annually, and this year's improved earnings are expected to be 15% higher than those in the first quarter of this year, the general market conditions being somewhat normal.

The company's earnings are derived from the sale of electrical merchandise, and the company is well positioned to capitalize on this growth. The company's earnings are distributed to its stockholders in the form of dividends, which have increased annually since the company was formed.

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Outlook for Our Economy
By HAROLD R. DORSEY
President, Argus Research Corporation, New York City

In picturing the economic forces that are making up the blend of cause and effect sequence of today, Argus Research has seen downward business and employment trends still in effect and, through the speed of deterioration is slowing down, there's little evidence to substantiate a prediction for recovery. Results of current labor negotiations in auto-industry is expected to influence business prospects and credit policies, and uncertainty about outcome is foremost one of the reasons why it is difficult to determine the time and level of the recession's low point. Mr. Dorsey anticipates that negative non-static forces will succumb to stimulating effects of easier credit but it dubious as to whether recovery will automatically spring back to excessively high levels of a year ago.

As I see it, investment policies and the little securities are influenced to a very considerable degree at this juncture by these questions:

(1) What economic forces are causing to form the current situation valley?

(2) When is that a 1937 bank going to become visible?

(3) What is likely to be the size of the right bank in the intermediate future?

Discussions of these questions by amateur and professional business analysts and newspapermen are going on every day on the front pages of the metropolitan press. However, such discussions are really not worth very much unless there is evidence of the understanding of the misadjustments that are in the process of correcting.

For example, public attention probably was as sharply on unemployment, but unemployment as a result of slacking off demand for goods and services. We cannot hope to evolve a satisfactory solution for unemployment unless we have a clear comprehension of the reasons why demand has gone into a slump.

For a two-year period ending last May, the Federal Reserve Board index of industrial production was 142 and 147, with the single exception of the strike month of July 1966. Throughout that period the labor force was occupied at a very high rate. Physical of individual capacities of the economy were being utilized so completely that any inflationary was more sharply than was being nourished. Rising interest rates were giving clear warning that the economy's loss of financial liquidity was reaching serious proportions in the entire economy.

Whether or not one recognized these manifest tendencies, they were in the process of being created, in retrospect it is easy to see the steps of the economic revolution. In this period again is the need for negative, non-static forces to succumb to stimulating effects of easier credit but it dubious as to whether recovery will automatically spring back to excessively high levels of a year ago.

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New York 5, N.Y.

Money and Credit Confusions

But the prime example of the troubles ensuing from planning is found in the administration of Federal Reserve policy. Under the laissez-faire system of the national banks, the Board of Governors, chaired by the Treasury head, has set about cutting red tape and increasing speed in its setting of credit policies and making them more responsive to current developments, and its efforts are met with rather than noticeable adverse criticism. It is making a profound contribution to the maintenance of price stability by reducing the scope of its price and distribution policies in a way that makes them more direct and consistent with other policies of the Administration, especially those of the Office of Price Stabilization and the Treasury.

The State of Trade and Industry

Sentiment in some quarters of government, business and industry hold that the recession is showing signs of leveling off and stockpiling is declining. The outlook for March which continued to reflect a rise in the number of jobless and other unfavorable trade balances. While the outlook for steel, the "Iron Age," a steel trade publication, states that more steel men are beginning to feel that the market has at last bottomed out, and that the drop from here on out a slow and painful pickup is in the cards. This appraisal of the outlook is based on the fact that demand from the automotive industry cannot yet again be held up, but good weather will bring a pickup in highway and other construction and steel inventories of many of its customers have touched bottom.

Industrial production extended its decline in March to the lowest level since November, 1954. The Federal Reserve Board's seasonally-adjusted production index for March, a level of 123% of the 1947-49 average, is this drop of about 15% since the index started falling from its December, 1956, high of 147. It is 12% lower than March a year ago.

Despite the March decline, the board noted that the drop in durable goods. Production has not been evenly distributed, with main center, was at a slower rate than in other recent months. The seasonally-adjusted index for durable goods fell two points, compared with a five-point drop in February. The overall adjusted index declined from 132 in February to 128 in March, the Federal Reserve Board claimed, but minerals showed a substantial drop.

Despite the slow market for steel, the odds favor another boom before the end of the year. "The Iron Age," national metal-working magazine, declared on Wednesday of this week.

It adds that high steel prices are scheduled to go off on July 1, probably will force a compensating hike in steel prices. Some mills already are operating in the red due to charges and that would result in price hikes. Other mills would add only to the deficits, it pointed out, noting that the mills' compensation and their wage and fringe benefits of 20 cents an hour industry recession. This does not include a probable cost-of-living pay boost of at least two or three percent.

"The Iron Age," added that both sides would like to do some thing about the wage-price situation, but are unable to. The contract union will forego for modification is what is coming to him under his contract, "The Iron Age," stated. As a realistic labor leader, he cannot say that there are not conditions, but his outlook is that prices and fringe benefits will not change.

The magazine said that steel firms know from experience that steel production is the key to the economic cycle. Its growth in the months ahead will depend on the demand for steel, the strength of the construction industry, and the policies of the Administration. The magazine said that steel companies realize that they have only hurt themselves, "The Iron Age" further commented.

Although it's not much to cheer about, more and more steel men are beginning to feel that their market has at last bottomed. They feel that nothing much more can happen to them, that from here on out a slow, painful pickup is in the cards.

The mills base their appraisal on the outlook on the fact that demand for the automotive industry cannot any worse. Good weather will bring a pickup in highway and other construction work; steel inventories of many of their customers have touched bottom.

This does not mean, says "The Iron Age," that there will be an overnight overnight run-up in prices. Probably only in the second quarter will be better than the first, which was one of the worst in recent years. They do not look too rosy, they say, but there are indications that the worst may be over. They that will at least hold their own from

Continued on page 65

STATE AND MUNICIPAL BONDS
CORPORATE BONDS
LOCAL STOCKS

THE RODENBERG-HUMPHREY COMPANY INC.
RHODES-HAVERY BLDG. ATLANTA 1, GEORGIA WALNUT 816
LONG DISTANCE 415

The Robinson-Humphrey Company, Inc.
**Chemicals Across the Board**

**By Dr. IRA U. COLEIGH**

**Enterprise Economist**

Some springtime notes about salient chemical trends and factors placed chemical equities.

Writing about chemicals, along the lines above outlined, is difficult as describing the rainbow, how so many elements are chemical, so many offered respecting the industry, and so many equities here have been advanced as at the ideal in the growth stocks that we hesitate to launch, or, rather, we lean, upon our own chemical board room, appraisal of lab leaders.

However, for what it's worth, we shall proceed along four main lines of inquiry: (1) capital expenditures; (2) probable earnings trend; (3) price/earnings ratios; and (4) shares appearing in some prospect of market gain.

The first point, capital expenditures, chemical companies will spend about $1.5 billion in capital outlay in 1957, about $1.7 billion in 1957. This is no jarring or startling reversal but some recession in capital expenditure for many lines, has “caught up.” There is nothing remarkable about this.

It is characteristic of enterprise economics that (1) shortages occur and (2) high profit possibilities appear and lure capital; and (3) plants are often overbuilt and out of step, expanding capacity and reducing both the shortages and ordinarily high profit possibilities. The standard result is a downswing trend in capital investment, and a flattening out or dipping in both price structures and profitability. All of which describes with considerable accuracy the chemical industry.

Let’s see to what extent that generally applies. Water.

Allied Chemical earned (per share) $4.74 in 1956, $4.37 in 1957, and is expected to earn (per share) $4.30 in 1958, almost as substantially more than the $3 dividend paid, possibly $1.0. Union Carbide earned $4.06 in 1956, $4.41 in 1957 and is expected to earn $4.85 per share in 1958. Dow earned $5.93 (fiscal) 1957 and a fair projection of $5.25 this year; while DuPont showed $8.48 in 1957 versus about $7.90 in 1956. Taiwan now these dips are not drastic; they do not place existing dividends in jeopardy; and they have been reasonably discounted in the market value of the remaining shares. But, on analysis they spotlight one good and an individual, namely, a decline in the profit margin since gross sales (1957) in most instances exceed the 1956. To expect, in general terms, some decline in gross with net returns

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CYRIL J. ANDREWS

April 11, 1958

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**Many Issues of Primary Concern To the Businessman Today**

**By PHILIP M. TALBOT**

President, Chamber of Commerce of the United States Senior Vice-President, Woodward & Lothrop, Inc.

(previously of Davenport, B. C., Minn.)

In dealing with a poseruni of national and international issues, Mr. Talbot opines that “1958 will be a good year, if not a better year than 1957. . . .” Terming a recent White House economic forecast as “little too exuberant,” the President-elect judges that the economic low has been reached and that the most important policy we should pursue is tax reform. Calls for cut in personal income tax with top rate at 50%, and calls on the individual to exercise the opportunities the prospects which is said to require active participation in public affairs.

There are so many issues of national — and international — concern to the businessman today, that I feel morally bound to discuss them as best I may. This brief paper of mine will not have a central theme. It will move from issue to issue. We are living in a period of something: 

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**The Firm of**

COSGROVE, WHITEHEAD & GAMMACCH

**has been dissolved as of April 11, 1958.**

**We take pleasure in announcing the formation of the Co-partnership of**

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LOUIS H. WHITEHEAD

ELSE A. NYE [LIMITED PARTNER]

April 14, 1958

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**We are challenge**

the formation of the Co-partnership of

Continued on page 60
Business Demand for Funds in 1958

By DR. JAMES O'LEARY
Director of Economic Research
Life Insurance Division, New York City

Life insurance industry's economist probes what he terms a "dominantly rising of credit in recent months to determine whether credit will continue or not. Dr. O'Leary concludes: (1) expanding areas of capital demand will help take up the slack of business conditions; (2) the fall in rate in 1957 will result if flow of funds available exceed number of mortgages; and (3) Federal Reserve holds the key to the answers as to credit and capital terms which will depend upon whether there will be a new round of a "non-banking" system or non-banking investors.

During the past several months in the capital and money markets has been one of the most dramatic changes in financial history. In the three years of increasing pressures of demand for banks funds, and steady rising interest rates, we have experienced a growing desire of corporations to "bank up" their funds in recent months. Will this move toward credit continue or will it largely run its course? This is the principal question we shall deal with in this paper.

The demand for funds in 1958, but this subject is considered mainly as an effort to see if the condition of the credit and capital markets have changed significantly.

Developments in the Money and Capital Markets Since Last Autumn

In order to appraise the prospects for business finance in the remainder of 1958, it will be useful to briefly review the developments in the money and capital markets since Autumn. In a series of steps since November, the Federal Reserve reduced discount rates and cut the discount to banks. This has sharply reduced the demand for funds in 1958, but with the emergence of market developed, the Federal Reserve policy and the decline in interest rates in another production, as well as the change in Federal Reserve policy and the greater amount of funds available to commercial banks, there has been a noticeable fall in the level of the yield on demand deposits and in recent weeks at 3.25%.

In the corporate bond market, Moody's index of yields on long-term corporate bonds dropped precipitately from 4.14% at the end of last year to about 3.25% at 4.14% at the end of last January, with a slight rise since then. More recently, the index of yields on long-term corporate bonds has fallen from 3.66% in October to 3.20% in mid-January of this year. It has advanced slightly in the past several weeks at about 3.25%

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The Federal Reserve Bank of St. Louis, the Federal Reserve Board, and the Federal Reserve System have all indicated that the yield on demand deposits and in recent weeks at 3.25%.

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Mississippi Power & Light Company
First Mortgage Bonds, 4 1/4% Series due 1988
Dated April 1, 1958
Due April 1, 1988

Price 102.526% and accrued interest

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

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

The offering is made only by the Prospectus.

$45,000,000

New England Telephone and Telegraph Company
Thirty-Five Year 4% Debentures
Dated April 1, 1958
Due April 1, 1993

Price 102.87% and accrued interest

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(ISual to THE FINANCIAL CHRONICLE)

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$96,877,000
Commonwealth of Massachusetts

2¼% and 3% Bonds

Dated June 1, 1958

Principal and semi-annual interest (June 1 and December 1) payable at Bankers Trust Company, New York, N. Y., at The First National Bank of Boston, Boston, Mass., or at The First National Bank of Chicago, Chicago, Ill. Coupon bonds in the denomination of $1,000, exchangeable for fully registered bonds in multiples of $1,000, but not interchangeable.

Interest Exempt from Federal and Massachusetts Income Taxes under present laws

Legal Investment, in our opinion, for Savings Banks and Trust Funds in New York, Massachusetts and certain other States and for Savings Banks in Connecticut

These bonds, to be issued for various purposes, in the opinion of the Attorney General will constitute direct general obligations of the Commonwealth of Massachusetts for the payment of which the full faith and credit of the Commonwealth will be pledged and for such purpose the Commonwealth will have power to levy unlimited taxes on all the taxable property therein.

AMOUNTS, RATES, MATURITIES AND PRICES

(Annual interest to be added)

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To June 1, as shown

Highway improvement, Capital Outlay, Highway Flood Relief, Recreational, Drainage and Flood Control, Sewerage, Beach Erosion and Water

$3,820,000

Capital Outlay, Veterans' Services and Sewerage

Loan 2½% Bonds due 1959 to 1968, inclusive

$93,057,000

Highway Improvement, Capital Outlay, Highway Flood Relief, Recreational, Drainage and Flood Control, Sewerage, Beach Erosion and Water

2½% Bonds due 1959 to 1998, inclusive

Where, as and if issued and received by us and subject to approval of legality by the Attorney General of the Commonwealth of Massachusetts.


April 17, 1958

Statements herein, whilst not guaranteed, are based upon information which we believe to be reliable.
**Dollar ($) Design**

By M. S. SZYMCZAK

Member, Board of Governors of the Federal Reserve System

The Federal Reserve Bank of St. Louis

1. The strength of our dollar is vital to our economy. For if its purchasing power remains stable, it is strong.

2. As Chiang has said, stability, spiritually, politically, and economically, so has our country grown.

3. The Federal Reserve is the powerhouse of our monetary system. It is the central bank to which all other banks look for guidance. If it is strong, the dollar will be strong and the economy will grow.

4. It is the central bank to which all other banks look for guidance. If it is strong, the dollar will be strong and the economy will grow.

5. The record of the Federal Reserve System since mid-October may be summarized as follows:

(a) Open market operations were used to expand the supply of money, to reduce interest rates, and to encourage economic growth.

(b) Reserve requirements for demand deposits have been reduced from 5% to 3.5%.

(c) Reserve requirements for time deposits have been reduced from 3% to 2.5%.

(d) The discount rate was reduced from 3.5% to 3%.

6. By these various actions the availability of reserves was increased, which in turn reduced interest rates and encouraged economic growth.

7. The Federal Reserve System has been successful in its goal of promoting economic growth and stability.

8. The Federal Reserve System has been successful in its goal of promoting economic growth and stability.

9. The Federal Reserve System has been successful in its goal of promoting economic growth and stability.

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General Skepticism About Oils and Relative Values in the Offing

By LESLIE E. FOURTON
Assistant Manager of Research, Haydon, Stone & Co., N. Y. City

Investors contemplating oil equities or reviewing present holdings receive double-angled guidance from petroleum analysts. Fourton, the usual explanations for oil stock decline are discussed by Mr. Fourton. Each of the seven fundamental vicissitudes affecting the oil industry. This explanation and eleven different outlook statements covers changes in the industry and prospects for the industry in the offing.

The sharp decline in the price of stocks from the high of 1955 to the present summer is due to far-reaching changes in the oil industry, some of the simpler causes of greater prices, and weak prices and stocks are discussed. These are some of the more important factors in the declines of the seven changes in the composition of the oil industry. There are many great fundamental changes which have become important operating factors for oil companies. As a result, the larger factor it may be helpful in investors to understand these fundamental changes. The seven major shifts are as follows:

(1) The rise in importance of a high level of integration.
(2) The major reversal of the trend of declining in the U. S.
(3) The shift toward supplying a greater part of the refined product requirements instead of relying on large purchases of independent refineries.
(4) The economic shift of crude oil supply sources.
(5) The further loss of markets to natural gas and coal.
(6) The development of new large market for crude oil and refined products.
(7) The entrance of many new companies into foreign areas of operations.

The address by Mr. Fourton before the Annual of Customers' Brokers, New York.

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Changed Drilling Trend
Change number three is the major reversal of the trend of drilling in the U. S. This change appeared to surprise many although it was not to be noted first as far back as the summer of 1956. However, the full impact of the forces causing the downturn was not felt until a year later. In 1956 the number of wells drilled totaled 58,300. In 1957, there was a 74% drop in 35,179 reflecting the largest drilling decline since the war effort reduced it in 1942. There were a number of reasons for the long steady drilling decline during the past two years.

(1) Extension of payouts due to lowering allowances.
(2) Slowdown of building pipelines to new producing areas.
(3) Diminishing availability of good drilling prospects.
(4) Uncertain regulatory climate for natural gas.
(5) Large sums allocated for foreign operations.
(6) Unwillingness of private syndicates to take increasingly poor risks.
(7) High cost of offshore drilling.
(8) Decline in the discovery rate of large fields requiring exensive development drilling.
(9) Tighness of money.
(10) Rise of imports.
(11) Decline in the profitability of the contract drilling business whose owners often take part interest in drilling ventures and organize syndicate projects.

There are a number of additional reasons but the foregoing give the main causes. It would appear that the reasons for the change in the trend are mostly long-term. Many again project a sharp drilling upturn later this year.
Impact of Foreign Aid on United States Businessmen

BY HON. C. DOUGLAS DILLON

Deputy Under Secretary of State for Economic Affairs

Department of State

The extent to which our foreign aid program sooner or later bolsters our economy is pointed out by former investment banker, now a state department official in charge of economic affairs. Mr. Dillon appraises business benefits arising from such aid in (1) the "cold-recession drive"; (2) a far-reaching "well-recession drive"; (3) anti-recession drive; (4) "cooperating program" of assistance policies. This is fully as important as the military challenge. If we manage to force into the Soviet orbit, we shall be beguiled into a new conflict in which we are hopelessly strangled. It is certain that our standard of living is at stake. Our security will be endangered if the immense raw material resources of the Middle East fall to the Bolsheviks.

It is certain, too, that the Soviet Union will try to use this economic war according to the pattern of the Marquess of Queensbury rules. The chief reliance of this economic competition will be on the mutual security fund, through which we can lend Mutual Security Fund, developing countries for projects that will work toward industrial development. These loans can be made on any basis, often repayable in local currency, and they will need a careful analysis by loaning agencies such as the Export-Import Bank and the Reconstruction Finance Corporation for this project. Without foreign aid, the Soviet Union has lost the ring against the Soviets with one hand tied behind our backs.

We may be bound to make a loan by which, it appears to have given up on the billion-dollar loan that the Atlantic and Pacific Oceans constitute a heaven- sent protective belt around the world. In Chicago, six and a half a million dollars were spent to encourage the United States and Washington, D.C. may well be six and a half minutes away if we loan this aid.

Today we understand that there is an interdependence of nations. Each of these allies have spent more than $12 billion—or for every dollar we have spent. Their contribution to the defense of the United States is the three billion dollars of the total armed forces of the United States.

The second challenge we face in striving for peace is that the world stands in the face of World War II, 20 new nations have come into being. These 20 nations have about 1.5 billion people. The total is nearly one-third of the world's population. EACH of these nations has emerged from years, sometimes centuries of colonial status. Each has had a close, intimate personal relationship with disease, ignorance and misery.

The United States has been trying to help the peoples of the world. The end of World War II was a beginning. The United States, the 750 million people in these 20 nations. Instead of blustering, blustering and bullying, the communists have turned to blandishment, to protecting our own, which has led to the establishment of new independent countries. In some places they have made common cause with us.

The communists are mounting the world in the same zeal, the same determination and the same disregard for truth that has been the mark of their actions. They tell the less developed nations to "smell a "freak," a "phony." They don't tell them that 80% of the world's population, the 1.5 billion people, produce 40% of the world's wealth. The communists will say that we are "freaks," they might say "freaks, some phonies." But this is a very powerful weapon.

The Hot World War Warnings

This economic cold war between the Soviet Union and the United States is growing. They have used the less developed nations with $1.5 billion in loans and assets. They are supporting the past three years with the obvious purpose of leading them away from the free world and into the Soviet camp. We are at war without gravely endangering our own economy. The task is a grave one. This challenge is as important as the military challenge. If we management into the Soviet orbit, we shall be beguiled into a new conflict in which we are hopelessly strangled. It is certain that our standard of living is at stake. Our security will be endangered if the immense raw material resources of the Middle East fall to the Bolsheviks.

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Significance of Oil Imports
For Today and Tomorrow

BY DAVID NORR
Burnham and Company, New York City

Market analyst takes a searching look at — admittedly lower cost—oil imports, recent quota restrictions and our growing difficulties in finding domestic oil. In view of these factors Mr. Norr anticipates declining domestic drilling activity, flight to oil imports, and short-run protection accorded domestic production giving way in time to increasing reliance on imported oil. Panderers such matters as pressures on domestic earning if prices do not continue to rise in face of the U.S. oil supplies and might develop their own markets and cause an easing and marketing competition in foreign areas.

I plan to discuss the growth of oil imports since 1946, the reasons behind the rapid rise in imports in relation to demand, the economic system, and some related lenses which have risen before us in varying degrees of foreboding.

In 1948 the U.S. began to import oil at an amount of 4% of oil that it exported. This trend accelerated and today oil imports are about 15% of total U.S. oil demand or about 5 million barrels daily. This development is entirely logical. The U.S. has 15% of the world's oil reserves, produces 40% of the world's oil production, and accounts for almost 60% of the free world demand.

As you may know, U.S. production averages 12-13 barrels daily per well and is a high cost operation compared to a few hundred barrels daily per Venezuelan well and several thousand barrels daily from a well in the Middle East.

Accordingly, geology, the early price structure, and the degree to which foreign and economies lie behind the trend to lower costs.

More recently, tanker transportation rates have declined and appear likely to remain at fairly high levels. As a result, oil may be readily transported to markets throughout the world. Therefore, as a general rule, if the price of oil can be brought into the U.S. at prices substantially below U.S. costs. The trend may go 25 or more on a barrel.

The Quota System
In 1954, the President of the U.S. directed the Cabinet to make a study of energy supplies for the next decade and determine national defense. It was subsequently decided that crude imports should be related to U.S. self-sufficiency. By 1956, namely 12%. In what is known as the Trade Agreement Act of 1956, the President was to act if imports national regulation for domestic tariff levels were considered a threat to security. A plan was set up whereby the bulk of crude oil in the U.S. except for the West.

Generally speaking, quotas gave companies the right to import 1944-54 and 1944-56 imports. Other adjustments were made in the case of smaller importers. Subsequently, restrictions on West Coast imports were added. Imports were limited to 771,000 barrels daily on the East Coast, 220,000 barrels daily on the West Coast, or almost 1,000,000 barrels of crude daily. The plan met with substantial compliance with only a few companies exceeding their quotas. However, as a result of a new quota for companies coupled with lagging U.S. oil demand, the quotas were revised and recently. Quotas continue to be scheduled and are geared to 12% of average production of the last three months in the U.S. excluding the West Coast. (District V). This resulted in a new quota of 715,000 barrels daily exclusive of the West Coast. This quota for the West Coast was granted some allocations while earlier importers were cut back slightly to make up. West Coast quotaloains remain at 220,000 barrels daily.

Products continue to be exempt from curbs but are being watched lest this prove to be a loophole. Government purchases from oil companies may be cut off if the company in question violates its quota.

Based on experience to date, it would appear that the majority of companies will abide by the quotas.

The Problem
Import restrictions impose a non-economic element in security and production. Economic analysis would indicate that high cost U.S. oil should have difficulty competing with low cost foreign oil. The recent announcement that our oil reserves are limited by the exploration of the growing difficulty of finding oil in the U.S. and the possibility of exploration outside the country to more attractive geological areas should be considered.

To some extent the quota system will protect domestic production and slow the shift toward increasing reliance on imported oil. To some observers, this shift and its resulting readjustments will be solved by time, say up to 10 years, and growth of demand at home. By that time the possibility of U.S. productivity ability and demand will be sufficiently increased to allow an increase in our welcome in far larger quantities.

In the years that lie ahead, however, many questions must be asked. What domestic production can be produced by strong limits on imports? Will U.S. oil prices advance, as they have for years, in the face of substantial low cost foreign supplies? If not, will domestic pressure on continued ease in national earnings be anticipated. With restrictions on imports into the country, such as Canada, take steps to improve competitiveness? This would require companies to curtail local integrated markets throughout the world and add to the expense of doing business. With limited ability to market foreign production in the long term, will we ever move into and marketing competition increase in foreign areas? Will procrastination be extended to foreign producing centers?

Supply and demand, the basic economic determinants, are out of balance. The quota system is a means of controlling the imbalance. Other shifts are likely as the industry adjusts to a new economic scene.

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April 11, 1958

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Consider now the fickleness of the American public. When, for example, a baseball player is disabled, people express sympathy. But when a senator is disabled, if ever he leaves the Senate, it is as if he never existed. Yet people have not changed; it is the American public that has changed.

The problem is not just about political candidates. It is about everyone. The American public is fickle. When a candidate is successful, they are happy. When a candidate loses, they are unhappy. This is true regardless of whether the candidate is a Democrat or a Republican. The American public is not consistent in their support for candidates.

In conclusion, the American public is fickle. They are happy when a candidate is successful and unhappy when a candidate loses. This is true regardless of whether the candidate is a Democrat or a Republican. The American public should be held accountable for their actions and should not be given credit for success or blame for failure.
Short-term Uncertainties and Long-term Growth Needs

By DR. SIDNEY E. ROLOFE
Economist, C. I. T. Financial Corporation
New York City

In discussing the uncertainties in the short-run economic picture, Dr. Rolfe feels that World War II in which installment credit outstanding has fallen. In reassuring belief in country's future growth prospects, the economist for nation's largest consumer-industrial financial institution states that the consumer spending has been a banking system's growth; advance in research, development and technology; and continuance of sound debt rise to achieve growth National Profit and employment.

It is now standard but governs the philosophy that recessions have been touched off directly in financial 

expenditures, which result from keeping more of current demand. Nevertheless, they may have been cut—and the rise in the government's credit is as they will be cut 13% in 1958, an estimate corroborated by analysts of the survey who were employed in the Federal Reserve Board Board's studies. In 1958, the government's spending and inventories have been cut. This is symptomatic of a trend toward layoffs, more falling of demand and inventories. The number of businesses and the spirit of cause becoming effect and effect becoming cause.

Actual money supply of the economy, where supply and demand must meet, is still weak and the fact that these recessions, like periodic recesses, of excesses of activity are inevitable. Meaning, the mark is characteristic of recession's effects, periodic recessions, like periodic recesses, of excesses of activity are inevitable. Meaning, the mark is characteristic of recession's effects, periodic recessions, like periodic recesses, of excesses of activity are inevitable. Meaning, the mark is characteristic of recession's effects, periodic recessions, like periodic recesses, of excesses of activity are inevitable.

Two Anti-Recession Proposals

The basic proposals to do so are two: a tax cut, or public works, which is the better method—an immediate tax cut, for academic as both may yet prove to be.

A tax cut is said to be quicker in impact, especially if money supply is the factor. More time is needed to spend. As a result, despite the fact that tax cuts are made only in one's eye, the economy will have a doubt. But only taxes are cut they can have a similar effect, and it will be doubled. The best time to cut taxes is when the economy is growing, and we move upward as it grows, but this will add up, not double. One way to cut tax is by lowering the tax rate of the business income tax.
The economy is pretty cloudy. Certainly the preponderance of business seems to come to a standstill on the unpleasant side. We see car dealers lagging well behind a year ago as the turn was just off from the lowest point and even the stock market outlook is far from clear.

For at least another year. The automobile industry, for example, is booking a sharply lower sales rate for 1958. The difficulties in the oil industry are all too evident with large imports and a supply that is now being shipped in both Texas and Louisiana. Unemployment is at a high, over twelve thousand workers being released due to cut backs or cut outs are becoming more frequent.

In such an atmosphere of gloom you wonder how one can ever expect any gain in the stock market. Yet a number of highly favorable conditions are at work which can well serve to bring about a turn in the market at some time in the next 60 to 90 days and start the market on an upward trend which may be quite vigorous.

First while expenditures for capital equipment by business certainly will be down in 1958, lower interest rates should result in the realization of some capital expansion plans by businessmen who can apparently afford the new capital, and have some profit margin on money borrowed when the prime rate was 4%. 

Expenditure Pick-Up
A pick-up in the rate of expenditures will be seen in a number of important areas. The public utilities, gas and electric companies, plan to spend about $2 million more in 1958 than in 1957 and about 16 million more than in 1956 which was its low. In addition this industry sees a steady expansion in capital expenditures in the next few years. The public utilities are in need of new plants and quite a few are expected to be completed by 1958. Federal agencies, FHA, etc. have more funds available for lending this year and will ease the demand on the 1958 funds which have been used in home furnishings, fuel, garden and do-it-yourself tools.

Residential building is expected to recover from last year's level. Single family units in 1956—4 to 10% increase over 1957. Multiple family units should show a recovery and single family units are expected to increase in 1958. Federal agencies, FHA, etc. have more funds available for lending this year and will ease the demand on the 1958 funds which have been used in home furnishings, fuel, garden and do-it-yourself tools.

Money and the Stock Market Outlook
By NICHOLAS E. CRANE*

Dean Witter & Co., Members N. Y. Stock Exchange

Market analyst, after noting elements of business recession, points out important offsetting favorable factors, as stimulus to business from Federal Reserve and other government policies; increased defense, housing, industrial and agricultural spending; and cut in tax. Maintains constructive view of the stock market is warranted by its strong technical position, its discounting of the unfavorable developments already registered, and its basis of valuable earnings. Concludes sound growth companies should now be bought.

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THE MARKET...AND YOU
By WALLACE STREETER

Stocks found some support this week including spotty demand for the rails while the utilities continued to inch higher for the most. It added up to one session that was the brightest in a month and a couple of standing sessions put together for the first time in about the same period.

It left the list just about in the middle of the 1958 trading range which has seen 460 as the area where selling becomes relatively heavy with the supply area for bargain hunters to move in and stem declines.

This rather tight range and the overall general stability of the market is in distinct contrast to the political handwringing, the near-frantic calls for anti-recession measures and signs of emergency nature and the distinct sense in earnings estimates of first quarter results which are starting to appear at annual meetings.

Where results are to be poor the pattern seems to be for the top officials of the companies to stay home when they get together with stockholders. In general the market reacted only slightly to most of these, the affected issues dipping slightly but obviously not too surprised. It also would indicate that when the actual, audited results do appear officially there will be little left for the market to discount, and there are some of the brighter aspects of the moment.

The market is seldom completely out of the woods when the economy is troubled, so there was a good share of caution around. If second quarter results fail to show some sort of a pickup, and dividend coverage gets thin or definitely suspect, the chances of cuts and omissions could keep the market retraced, so the good performance this week is necessarily the end to all the doubts. But at least it was encouraging.

The Plus Side
On the plus side is the fact that here and there a company manages to hold or even increase slightly its net income in the face of lower sales. If second quarter results fail to show some sort of a pickup, if dividends coverage gets thin or definitely suspect, the chances of cuts and omissions could keep the market retraced, so the good performance this week is necessarily the end to all the doubts. But at least it was encouraging.

Drugs
Company earnings have been among the brighter spots. But investment enthusiasm was a bit tempered by the fact that they have had good runups in recent desultory markets and the disposition seemed to be one of waiting for price dips before taking a position in them. There isn’t, however, out of line with 1958 prospects even at current levels.

Food shares are among the favorites and for cause. General Foods completely ignored the recession and for the March quarter posted record sales and earnings for the period with indications that its fiscal year gross will break through the billion dollar level for the first time.

In the amusements, AmericanMachine Farty is very much still highly favored since its blossoming bowling alley pin-setting activities are increasing important earnings. The stock has been basically relatively flat for the last year despite the increase in earnings and dividends and prospects that earnings this year will compare favorably with last year’s $3.51. It lost that $1.60 dividend rate well protected on which a return of 4½% is indicated. This, in addition to the fact primarily as a machine producer, was also in the ultra-cyclical section of the stock list.

An example of accounting improvement that can be shown up this year’s earnings is En¬
dustry to the shoe section. Last year a change in depreciation caused earnings to dip slightly. Then a $2.1 million earnings from new earnings or a pension plan dips to around $7½ million this year in the final payment. One analyst points out that with the economy this year could add 35 cents to per share earnings and $1.20 next year when the requirement would be ended, assuming that "business holds steady", which seems likely. Working capital is high, coming around the market price of the shares, which lately have been hovering toward the high side of a rather narrow five-year range of 38-56. Its return runs around 5½%.

Seasonal Pets
The seasonal pets at the moment are largely in the soft-drink issues which, in addition to being regarded as a defensive group, normally do better as the "hot weather" approaches. Consumption has been on a steady upward for the last several years as the wartime population grows into the age bracket where they become consumers. For Canada Dry and Pepsi Cola the yields run to around 5½% while even stately Coca-Cola’s return runs around 4½%. With weather favoring them the companies expect to continue the good sales pattern they turn in. Both expect to keep profit margins under control so that better earnings are projected.

High grade rail issues were still favored by some of the erudite investors, both because to the luxury of them some of the bureau¬
cratic and tax shackles seem to be in the making and because they are high-leverage items that could snap back rapidly on a turn in the general economy. This applied particularly to those like Southern Railway, Kansas City Southern, Union Pacific and Southern Pacific that held 1957 results respectfully in line with those of the previous year and offer above average 6 to 7½% yields.

(This column is intended to reflect the "behind the scene" inter¬
pretations from the nation’s Capital and may or may not coincide with the "Chronicle’s" own views.)

Bear, Stearns & Co.
To Admit Partners
Bear, Stearns & Co., 1 Wall Street, New York City, members of the New York and Midwest Stock Exchanges, on May 1 will admit Patrick J. Cummings, Alan C. Greenberg, Mark J. Stuart, member of the New York Stock Exchange, and Signign Wahr¬
sager to partnership. Mr. Cum¬
ings makes his headquarters at the firm’s Chicago office, 135 South La Salle Street.

Ure, Davis & Co.
New Firm Name
SALT LAKE CITY, Utah—The firm name of A. P. Kibbe & Co., at 436 South Temple, has been changed to Ure, Davis & Co.

Joins Townsend, Dabney
PORTLAND, Maine—Charlotte A. Hall has been added to the staff of Townsend, Dabney & Ty¬
son, 184 Middle Street.

Shields & Co. Admit Cosgrove As Partner
The Wall Street investment firm of Shields & Company, 44 Wall Street, New York City, members of the New York Stock Exchange, announces that Warner G. Cosgrove, Jr., has been admitted to the firm as a general part¬
er. Mr. Cosgrove is a mem¬
er of the New York Stock Ex¬
change since 1946, will di¬
rect the firm’s activities on the Stock Ex¬
change floor.

Mr. Cosgrove had been a gen¬
eral partner in the former Stock Exchange firm of Cosgrove, Whitehead & Gammack. He is a director of Roger Smith Hotels.

T. L. Watson & Co.
To Admit B. Smith
On May 1 Bailey Smith will become a partner in T. L. Watson & Co., 23 Broad Street, New York City.

With Fusse-Schnelzle
(As of the First Pennyance, Chronicle)
PORTLAND, Maine—Charlotte C. Menu is with Fusse-Schnelzle & Co., Inc., 2080 Brown Street.

Record 180,721,000 pounds of aluminum foil rolled in 1957 — most of it on Blaw-Knox Mills
As fast as versatile aluminum foil can be produced, it is gobbled up by supermarkets, food processors, home-builders, defense departments — and a long list of industrial users. The future looks bright for foil — and for Blaw-Knox, the world’s leading producer of foil mills.

Throughout industry, Blaw-Knox equipment, engineering and research are helping American enterprise build futures. If your company is concerned with rolling or fabricating metals, with road building, chemicals, processing or communications — Blaw-Knox is the forward-looking group you want you working with. Our brochure, "This Is Blaw-Knox," describes our products and services for industry. Write for your copy today.

BLAW-KNOX COMPANY
1231 Blaw-Knox Building • 300 Sixth Avenue
Pittsburgh 22, Pennsylvania

Warner G. Cosgrove

MR. E. FUSSE-SCHNEIZLIE HAVING 5% AND 3% ALUMINUM FOIL FOR EVERYTHING FROM SOAP BOXES-TO-MEAL TINS AND CAR RADIATORS MADE FROM KoLER'S NEW INTEGRATED ALUMINUM PLANT AT Tewasoo, West Virginia. It is one of over 113 aluminum foil mills built by Blaw-Knox.
SOUTHERN RAILWAY COMPANY

Sixty-Fourth Annual Report for the Year Ended December 31, 1957

To the Stockholders of SOUTHERN RAILWAY COMPANY:

It is gratifying to be able to report to you that the Company continued to be a net income-standpoint since the incorporation of your Company in 1894.

Earnings for 1957 were adversely affected by the general decline in business activity and by large increases in wage and other costs. Careful controls by Management held the increase in operating cost to one per cent over the preceding year.

Although the general decline in business activity continued in the first quarter of 1958, the Company has made a further showing and we expect 1958 to be a good year. A promising factor is that Southern serves an area of continuing fundamental growth and in part of that area. Currently, 250 new industrial projects are underway along our System lines or firm plans have been announced for beginning of construction, with an investment totaling $600 million. Planning is known to be going ahead on other major industrial projects.

Important to these new customers, and to all old ones, Southern's determination not to increase any freight rate where doing so would reduce rates and our further determination to attract additional volume by reducing rates wherever advisable.

We appreciate the continuing loyal support and understanding of our customers, our stockholders and our employees.

The report on the following pages, for the year ended December 31, 1957, has been approved by the Board of Directors for submission to the stockholders at the annual meeting in Richmond, Virginia, on May 20, 1958.

Sincerely,

HARRY A. DEUTSCH,
President.

REVIEW OF 1957

Net Income

After all charges Southern earned $34,065,710 in 1957. The Company has earned more in only two years in its history.

Net income for each of the past five years, and equivalent earnings per share of Common Stock—computed after provisions for $5,000,000 each year as dividends on Preferred Stock—were:

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
<th>Earnings Per Share of Common Stock and Preferred Stock Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>$12,136,982</td>
<td>$4.40</td>
</tr>
<tr>
<td>1953</td>
<td>$13,062,681</td>
<td>5.18</td>
</tr>
<tr>
<td>1954</td>
<td>$13,943,189</td>
<td>5.21</td>
</tr>
<tr>
<td>1955</td>
<td>$13,600,294</td>
<td>5.35</td>
</tr>
<tr>
<td>1956</td>
<td>$16,865,710</td>
<td>5.70</td>
</tr>
</tbody>
</table>

Revenues

Operating revenues in 1957 were $296,846,150, or $13,559,841 less than in 1956, a decline of 3.1%. Freight revenue decreased to $233,738,738, down $13,532,444, mail revenue to $10,530,030. Business handled in 1957 as compared with 1956 showed a decrease of about 10%. Revenues for 1952-56 are shown in the table at the bottom of the following page.

<table>
<thead>
<tr>
<th>Year</th>
<th>1957</th>
<th>1956</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traffic of freight moved</td>
<td>32,139,460</td>
<td>33,245,307</td>
</tr>
<tr>
<td>Average revenue per ton mile</td>
<td>4.10 cents</td>
<td>4.35 cents</td>
</tr>
<tr>
<td>Number of passengers</td>
<td>161,000,000</td>
<td>161,629,000</td>
</tr>
<tr>
<td>Average revenue per passenger mile</td>
<td>2.82 cents</td>
<td>2.86 cents</td>
</tr>
</tbody>
</table>

Operating Expenses

Operating expenses continued to be affected by the upward climb of wages and costs of material, and were higher by $1,718,257, an increase of 6.6% over just 15%. Taxes

Tax accruals were equivalent to 11% of each of the preceding years, $1,101,000 for 1957 amounted to $4.76 per share of Common Stock as compared with net earnings of $.84 per share after charges, taxes and preferred dividends.

Net railway operating income for 1957 was $40,530,797. The net railway operating revenues after deduction of all operating expenses, taxes, and equipment and joint facility rents, but before payment of interest and other fixed charges in 1956, net railway operating income was $45,601,399.

Ratios

The ratios for 1957 for the several subdivisions of operating expenses, taxes and equipment and joint facility rents, were as indicated in the following table with corresponding ratios for 1956 and for the average for the five years, 1952-56:

<table>
<thead>
<tr>
<th>Item</th>
<th>1957</th>
<th>1956</th>
<th>1952-56</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>32.5%</td>
<td>31.2%</td>
<td>31.7%</td>
</tr>
<tr>
<td>Maintenance, Way.</td>
<td>17.9%</td>
<td>17.3%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Maintenance of Equipment</td>
<td>2.3%</td>
<td>2.1%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Traffic Expenses</td>
<td>4.9%</td>
<td>4.3%</td>
<td>4.3%</td>
</tr>
<tr>
<td>General Expenses</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Incidental Expenses</td>
<td>0.7%</td>
<td>0.6%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Totals</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Fixed charges in 1957 were covered 3.39 times as compared with 4.07 times in 1956 and 3.10 times on the average for the period 1952-56.

Dividends

Dividends of 5% on the Preferred Stock were computed in the total amount of $3,000,000.

Dividends of 7% per share were declared on the Common Stock and paid for each quarter of 1957, bringing the total dividends paid in 1957 to $21,713,600, the highest in the Company's history.

A further dividend of 7% per share was declared on the Common Stock on January 28, 1958, out of surplus net of $3,065,277. This dividend was paid March 14, 1958, to stockholders of record February 14, 1958.

Operations

Operations were conducted with continuing economy and efficiency in 1957. While there was no increase in gross revenue in 1957 to assist in providing for a substantial increase in wage rates, the recognized indices of performance show that the Company continues to rank well among the leaders of the railroad industry.

The proportion of gross revenues carried through to net railway operating income before federal income taxes amounted to 23.5% in 1956 and 13.3% for Class I railroads in 1956.

Industrial Development

During 1957 there were 91 new industries located on Southern System lines, 68 establishments established, and additions made to 90 existing plants. All of which projects were of substantial size. Aggregate investment in the 95 projects amounted to $148,459,000. It is estimated that the average number of new projects produced an additional net revenue of $10,825,257 for System lines and provide employment for approximately 4,274 workers.

The list included alphabetically, for which ground was broken during the year include Alabama Power Company's generating plant at Wilsonville, Ala., and a new paper mill at Tuscaloosa, Al. In Fort Worth, Texas, a new pulp mill near Rock Hill, S. C., the silicon plant of E. L. duPont de Nemours Company near Beacon, N. Y., General Electric Company's plant at Somersett, Ky., which will manufacture automotive headlight equipment, Industrial Drinking Water Company at Lexington, Ky., and Westinghouse Electric Corporation's transformer plant at Athens, Ga.

Capital Improvements

Continuing improvements to the Company's plant are being made through the expenditure of capital funds for the new facilities. Work on the new $15,000,000 Inman Yard at Atlanta, Georgia, was continued at a cost of $1,830,625 in 1957. This with other improvement work to all over the System added $17,140,389, gross, to the road property account in 1957.

New Equipment

During 1957, the Company received and put into service—

<table>
<thead>
<tr>
<th>Type of Equipment</th>
<th>1,113</th>
<th>50-ton box cars</th>
</tr>
</thead>
<tbody>
<tr>
<td>35-65' 70-ton covered hopper cars</td>
<td>308</td>
<td>35-65' 70-ton covered hopper cars</td>
</tr>
<tr>
<td>-------</td>
<td>-------</td>
<td>----------------</td>
</tr>
<tr>
<td>5-65' 70-ton gondola cars</td>
<td>1,946</td>
<td>Total freight cars</td>
</tr>
</tbody>
</table>

The cost of which was $9,402,756, of which $3,644,996 was paid from the Company's operating funds. The remainder was financed on liberal terms and will be paid for with annual dividends, $4,678,000 through conditional sales agreements.

The amount of $1,648,901 was spent for additions and betterments.
ments to equipment. Thus gross charges to the capital account for equipment were $21,061,657 in 1957.

At the close of the year there were on order for delivery in 1958 for Southern Railway Company 122 freight cars to cover the average over the past five years. The Company has ordered 29,870 net tons of new rail for the year 1938.

Use in 1957 of the Company's Financial Resources

In addition to all of its current expenses, taxes and fixed payments, the Company also paid $47,464,156 during the year for capital improvements and for the purchase of new equipment and additions and betterments to equipment. Combined these capital expenditures from treasury came to $127,475,321, which was $8,481,460 in excess of the amount in the approximately $14,909,000.

New Rail

During 1957, 33,640 net tons of new rail were laid as compared with 39,840 net tons in 1956 and 33,552 net tons on the average over the past five years. The Company has ordered 29,870 net tons of new rail for the year 1938.

The Company's fixed charges, as defined by the Interstate Commerce Commission in its ruling on the Company's bonds held by a subsidiary and income from securities of its Leasing Company (owned by the Company), were at the rate of approximately $19, $22,646,825, on December 31, 1957, as compared with $10, $646,825, at the end of 1956, and $11,210,900 at the end of 1953.

The current net fixed charges are equivalent to 3.9% of the 1957 gross revenues, as compared with 3.9% in 1956 and 4.4% on the average over the five years, 1952-56.

Fixed charges were equivalent to more than 15% of gross revenue in 1957.

The funded debt of the Company outstanding in the hands of the public at December 31, 1957, amounted to $124,012,650 as compared with $129,200,500 at the end of 1956 and $160,995,500 at the end of 1955. Payments and accretions for interest, rent for leased lines, Equipment Obligation Maturities and Sinking Fund payments to be provided in the year 1958 amount to approximately $25,500,000 and $42,778,720 for the years 1957 and 1956,1957.

Of GENERAL INTEREST TO THE STOCKHOLDERS

New Member of Board of Directors

At the July meeting of the Board of Directors, Mr. Harlee Branch, Jr., Allegheny General Electric Company, was elected to the Board to serve for a term of Mr. Beverrell F. Hoeper, of New York, resigned.

Mr. Branch is a nationally-known public utilities executive. He formerly was president of Georgia Power Company and was associated with the Southern Company, parent company of the Georgia Power Company. Mr. Branch is now associated with the First National Bank of New York, as a director of the General Reserve Bank of Atlanta, a trustee of Emory University and is active in Georgia, civic and community organizations.

Mr. Hoeper, a retired vice-president of The First National Bank of New York, was a director of the Southern Railway Company for 15 years. In accepting his resignation, the Board "expressed their deep appreciation of his high valent and valued services to the Company over the period of his directorship."

Acquisition of the Atlantic and East Carolina Railroad

With the approval of the Interstate Commerce Commission the Company in 1957 purchased all outstanding voting stock of the Atlantic and East Carolina Railroad Company, at an aggregate cost of $255,000. The acquisition of the company was completed in April of 1957. The new company another deep water port outlet on the Atlantic Ocean, a new, not to mention a rich in industrial development potential, the line of railway extends into the rich in the North Carolina, N.C., the line, with southern. It was continued to be operated as a separate short line railroad.

Public sentiment in the area was strongly in favor of Southern acquiring the A.E.C. On a three-day "get together" the Company presented the line to the prospective buyers. It is on a two-shift basis for the freight revenue accounting, pay and accounts receivable.

The computer processes the accounts of 178 freight agencies (85% of total freight traffic). From the same source documents, it performs the complex task of disbursements, pay, the carriers involved in interline shipments. It also assembles valuable information on traffic movements, and furnishes daily reports to representatives in 85 offices throughout the country.

As a result of its processing of payroll records, the machine writes 1,000 checks for 25,000 employees of South System and affiliated companies and prepares expense distributions, I.C.C. reports, and all related information required by federal and state agencies.

With this computer the railroad's accounting work is being performed more efficiently and economically than ever before and requirements for additional paperwork, which seem to be ever Increasing, are being absorbed with reduced costs.

ECU Accounting Changes

The Interstate Commerce Commission, under its authority to establish a Uniform System of Accounts for Railroad Companies, prescribed changes in 1957 for the format of railroad balance sheets, which changes were designed to conform to the current trend of generally accepted accounting principles and to bring the balance sheet presentation more in line with that used by other industries. The Southern Railway's annual report for 1957 reflects the revisions provided for in the Commission's order.

Late in 1957, the Commission ordered further changes to take effect in 1958 which among other things require that the reported cash on hand be reduced by the amount of certain negotiable instruments outstanding in the reducing the reported cash and in turn, current assets, while a corresponding reduction will be made in accounts payable, and current liabilities.

In addition, reported amounts to be paid within one year for liabilities arising from claims to injuries to persons and for loss and damage to freight will be treated as transferred to the current liability section of the balance sheet. The principal amount of equipment and other long term due obligations payable within one year will be shown as a separate item on the balance sheet. These changes are technical in nature and have no material effect on the financial condition or operating ability of the Company, although they will, in general, produce a reduction of net current assets to net current liabilities as stated.

Rates and Fares

As reported last year the Interstate Commerce Commission granted the railroads an increase of 5% in Inter-territorial freight rates, subject to certain maximums, effective December 28, 1956, and the same increase in Intraterritorial rates subject to the same maximum, effective February 23, 1957. The Commission authorized the southern roads a further 4% increase in addition to this earlier 5% increase, effective August 15, 1957, making a 9% general increase, subject to certain holdovers. Southern Railway Company was not a petitioner on this latter increase and did not apply the subsequent 4% increase on some 44 major commodities.

To offset increased wages and other expenses, Southern joined with other railroads, on December 23, 1957, in filing with the Interstate Commerce Commission tariffs proposing increases in freight rates and charges on selected commodities. The Commission approved, subject to its further order, certain of these increases effective February 15, 1958. An increase in revenues of approximately $2,000,000 annually should result.

Railway Mail Pay

An Interstate Commerce Commission order of December 30, 1957, authorized increases in railway mail pay and passengers with certain adjustments in the basis of calculating compensation. The Company will produce increased mail revenues of approximately 5% annually, effective September 1, 1957, or approximately $700,000 for the year 1958.

Express Rates

Basic express rates remained unchanged in 1957. The application of the Railway Express Agency for a 15% increase in express rates is still pending.

Labor Relations

During the year 1957 pending wage requests of Eng¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬®...
SOUTHERN RAILWAY (Concluded)

made before the appropriate authorities looking to an improvement of the common carrier transportation business and particularly the railroad part of that business.

The railroad proposals include:

1. The federal excise tax on transportation must be repealed. The public interest requires that the burden of this discriminatory, unproductive tax be removed from the carriers.

2. The railroads must be allowed more freedom to make competitive rates. There is a substantial movement of freight by other carriers that could be handled more economically by rail. The rail proportion of such traffic no longer represents a monopoly. Restrictions on rate making designed to prevent a rail monopoly are out of date and should be repealed.

3. Regulation of the private and exempt carriers should be brought in line with the regulation of railroads.

4. The agricultural commodities exemption should be rewritten to more nearly reflect the real intent of the Congress and to remove the unwarranted interpretations used by court decisions.

5. Train service discontinuance should be recognized as an interstate commerce problem, and not merely a local problem.

6. Railroads should be permitted to provide service by high speed air transportation on the same terms and conditions that apply to anyone else. If such were unnecessary duplication of facilities would be greatly reduced and there would be improved service at lower cost.

Substantial progress on any of these subjects will greatly improve the position of the Company. Your interest and assistance will be most helpful.

Southern Railway System

The Southern Railway System is an operating organization consisting of the parent Southern Railway Company and a group of other railroads in which Southern Railway Company has substantial investments. These component corporations publish separate financial reports, but are operated under a common management to form the Southern Railway System. Lines in the System are:

- Cincinnati, New Orleans and Texas Pacific Railway Company
- The Alabama Great Southern Railroad Company
- New Orleans and Northeastern Railway Company
- Georgia Southern and Florida Railway Company
- Several Short Line Companies
- System total (less jointly owned mileage of 10.46 in states)
- Carolina and North Western Railway Company, Atlantic and East Coast Railroad Company
- Several separately operated Short Lines

Financial Results for the Year 1956

<table>
<thead>
<tr>
<th>Year</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td></td>
</tr>
<tr>
<td>1956</td>
<td></td>
</tr>
<tr>
<td>1952-1956</td>
<td></td>
</tr>
</tbody>
</table>

The Company received from freight, passenger and miscellaneous operations a total revenue of $269,643,000, of which $269,643,000 was from the railroad was $269,643,000.

Leasing a balance of railroad operations of $764,000,000, of which $764,000,000 was from railroad operations.

Leasing revenue from state and local taxes required $39,063,000, of which $39,063,000 was from railroad operations.

Leasing a balance of $39,063,000, of which $39,063,000 was from railroad operations.

The Company received $268,578,000, of which $268,578,000 was from railroad operations.

Leasing an income from railroad operations of $40,920,000, of which $40,920,000 was from railroad operations.

Interest on funded debt and equipment obligations was $2,036,000, of which $2,036,000 was from railroad operations.

Leasing a total income of $4,035,940, of which $4,035,940 was from railroad operations.

An increase in interest on funded debt and equipment obligations was $2,036,000, of which $2,036,000 was from railroad operations.

OUR CORPORATE CREED

To develop the territory and to foster faith in the South, its people, and its opportunities;

To furnish safe, economical and adequate railroad transportation in the territory where the "Southern Serves the South";

To treat fairly and kindly the men and women who work the railroad going;

To pay a fair return to the owners of the property.

Financial Position at the End of the Year

<table>
<thead>
<tr>
<th>December 31, 1957</th>
<th>December 31, 1956</th>
<th>Increase Year to Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and special deposits</td>
<td>$80,009,794</td>
<td>$80,009,794</td>
</tr>
<tr>
<td>Tonnage investments</td>
<td>$264,093,050</td>
<td>$264,093,050</td>
</tr>
<tr>
<td>Miscellaneous accounts receivable</td>
<td>$16,692,382</td>
<td>$16,692,382</td>
</tr>
<tr>
<td>Working funds advances, purchases and current assets</td>
<td>$71,972,789</td>
<td>$71,972,789</td>
</tr>
</tbody>
</table>

Total Assets: $454,562,795

Liabilities and Shareholders' Equity

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Shareholders' Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$264,093,050</td>
</tr>
</tbody>
</table>

Total liabilities: $264,093,050

Shareholders' Equity

<table>
<thead>
<tr>
<th>Common Stock</th>
<th>Capital Stock</th>
<th>Capital Stock:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred</td>
<td>$60,000,000</td>
<td>$811,799,585</td>
</tr>
<tr>
<td>Preferred</td>
<td>$129,820,000</td>
<td>$811,799,585</td>
</tr>
</tbody>
</table>

Total Shareholders' Equity: $811,799,585

EXPOSING SHORT-SIGHTED AND SELFISH-ENDS

By Paul Einzig

After approving expression of arbitration award rejecting British transport workers' wage claims, Dr. Einzig speculates on favorable disinflationary consequences apt to follow possible strike next month. The British writer brothers, CP and Paul, to press the Government and employers for marked failures to explain the issue, in Layman's terms, to the public and labor rank-and-file. Last minute Governmental intervention, Dr. Einzig states, through use of subsidies, to avoid a conflict is bound to accelerate non-stop price inflation.

LONDON, Eng.—It now seems probable that there will be a strike of transport workers in Britain next month. By Paul Einzig, brothers, CP and Paul, Government and employers for marked failures to explain the issue, in Layman's terms, to the public and labor rank-and-file. Last minute Governmental intervention, Dr. Einzig states, through use of subsidies, to avoid a conflict is bound to accelerate non-stop price inflation.

Disinflationary Effect

The possible explanation is that many people refuse to believe that unions would really go through with the strike. From the point of view of the trade union movement, the workers would have had the "showdown" to take place during the years of nonstop prosperity. But there would have been a dead loss to business. But since there is now a certain degree of recession, many firms would eventually be able to reduce the production for a month or two, because it would enable them to reduce their inventories until the prices would be reduced. A major stoppage would enable them to go ahead right to the limit of their capacity once the strike was over. If the Government were to make the workers believe that this would have the advantage of acting as a highly disastrous disinflationary influence. There would be a sharp demand by millions of workers and in order to get employment, both would be largely offset by a decline in exports and an increase in imports, so that there would be no decline in the supply of goods corresponding to the demand. It would then be safe for the Government in such circumstances to allow industry to go ahead with expanding their output without running the risk of causing inflation. A much-needed sharp lesson in the form of an unsuccessful strike would greatly improve Britain's economic prospects. If it would be done again nothing could be done to make it better.

Government Subsidy

The question is, however, whether at the last moment the Government would not decide after all to take the line of least resistance and decide to subsidize British Railways in order to avoid a conflict. This was done four years ago, with disastrous effects on the attitude of the trade unions. If it should be done again nothing could be done to make it better.
52nd ANNUAL REPORT - 1957

SALES:
Sales of both gas and electricity were substantially higher than in 1956, and gross revenues passed the half billion dollar mark for the first time. These gains were achieved despite a decline in housing starts in our service area and warmer than normal temperatures which depressed sales for gas heating.

NET EARNINGS:
Net earnings available for the common stock amounted to $58,284,000, or $782,000 more than in the previous year. Because of the greater average number of shares of common stock outstanding during the year, however, per share earnings on this basis declined from $3.41 in 1956 to $3.37 in the previous year.

GAS SUPPLY:
Perhaps the most significant development of the year was the announcement that the Company planned to take the lead in organizing a project to transport natural gas from the Province of Alberta in Canada directly to the California market. This decision reflected our desire to have an independently controlled supplemental source of gas from outside the state, with the objective of bringing the gas directly from the producer to the consumer at the lowest possible cost.

CONSTRUCTION:
Construction activities were greatly expanded during the year. At the year-end we had 685,000 kilowatts of electric generating capacity under construction, most of which will be completed by the end of 1958. A major project to be started in 1958 will be the first of two 325,000 kilowatt steam-electric generating units to be added to our Pittsburg Power Plant. These units will be twice the size of any now in service on the system. The first is planned for completion in 1959 and the second in the following year.

For the Board of Directors

Chairman of the Board
President and General Manager

PACIFIC GAS and ELECTRIC COMPANY
245 MARKET STREET
SAN FRANCISCO 6, CALIFORNIA
The First National City Bank of New York is planning to open a new branch in Atlantic City, a city of a quarter of a million people and capital of Paraguay.

The Fort Neck National Bank, Silver Hall, Conn., has opened its second branch in the city, and the bank has begun its expansion prograsm by opening a new branch in the city of New York. The total resources of the bank are $25,000,000.

Security National Bank was organized in 1903 and in 1915 when the bank had total assets of $5,000,000. Special dividends have been declared for May 18 to vote on the consolidation. Fort Neck National Bank will operate its main office in Saugus while Security National Bank will operate a branch at the bank's main office in Huntington.

The merger of the First National Bank of New York with the First National Bank of New York, New York City, will create the largest bank in the world. The total assets of the two banks are $150,000,000.

Gomer D. Beebe, Jr., Assistant Secretary, was elected President of the First National Bank of New York.

Three executive promotions were announced on April 11 by the First National Bank of New York. The promotions include: Ralph T. Tyler, Jr., Assistant Secretary; Arthur M. Key, Assistant Secretary; and Louis E. Finney, Assistant Secretary.

The election of George F. But¬ terworth III as Investment Officer of the Genesee Valley Union Trust Company was announced by Arthur M. R. Key.

Mr. Butterworth was formerly Assistant Secretary of the National Mutual Trust Company of New York, associated with the Trust Department.

The First New Haven National Bank, 211 Main Street, Hartford, has opened a new branch office in the Alling town section of West Haven, Joseph H. Allen, Chairman of the Board and Chief Executive Officer, announced April 14. Approval has been received from the Comptroller of the Currency to establish this branch which will be located at 211 Main Street, at the corner of Taft Avenue, near the center of Alling town's business district.

It is expected that the branch will be in operation within six months.

Mr. Allen said that the opening of this branch will make it possible for the bank to accommodate the needs of people living in the number of locations in the First New Haven's extensive banking area. Directors of both the Passaic Clifton Bank and Trust Company, Paterson, N. J., and the County Bank of Paterson, N. J., have approved plans for a new branch office. President James R. Baker, chairman of the County Bank of Paterson is scheduled to hold the same post and John C. Barber, President of the Passaic-Clifton Bank, will be President of the merged bank as the bank is organized.

The bank will be the 10th state with assets of $287,154,832.

By the sale of new stock The Union Center National Bank, New York, will have $250,000 in common stock capital from $625,000 to $750,000 in 1953 and 1954.

Paul H. Devaney, was named manager of the Executive Division of the Alliance Uppera World's Division, has been named to the position of the Alliance Uppera World's Division.

Philadelphia National Bank and Trust Company, Pittsburgh, Pa., announced the appointment of Ralph L. Walker, Assistant Vice-President.

By a stock dividend, the com¬ mon stock capital of the Union Center National Bank and Trust Company will increase from $4,200,000 to $4,700,000, effective April 1 (number of shares outstanding 53,800 shares, par value $100).

The National Bank of Taual, has accepted a stock dividend, the common stock capital of the bank will increase from $5,000,000 to $5,250,000 by a stock dividend of 52% (number of shares outstanding 53,000 shares, par value $100).

W. Boardman Jones, Jr., was appointed Manager for the Mid¬ West Division of the Mercantile Trust Co., St. Louis, Missouri.

The First National Bank of Springfield, Ill., has accepted a stock dividend of $50,000, was merged with and into Peoples Bank of Springfield, Ill., under the charter of the latter as First National Bank of Springfield, effective as of the opening of business April 2.

Four new Vice-Presidents have been appointed by the Board of Directors of the Bank of St. Louis, St. Louis, Mo. They are: Daniel S. Harker, Earl W. Weaver, Paul P. Kelin, and Otto Key, the three latter from the Office of Assistant Vice-President.

Mr. Wei, who has been with the corporation and the bank for almost six months, is a graduate of the Wharton School of Finance and Economy at the University of Pennsylvania, has a bachelor's degree in business administration from the University of Pennsylvania, and a law degree from the University of Pennsylvania. He is married, has six children, and resides at Kidston, Pa.

Mr. Kein joined the organizations in 1941 and has held various positions in the mortgage and loan, consumer credit and com¬ mercial banking departments. The father of the children, living at 3171 Isleta St. Louis, and resides at Belmont, N. H.

Mr. Key, who joined the corpo¬ ration and the bank in 1941, has been assistant manager and has served in various capacities in that department. He is married, has one child, and resides at Belleville, Ill.

By a stock dividend The Munro & Chubbins National Bank of Ocala, Fla., increased its common stock capital from $150,000 to $200,000, effective April 4 (number of shares outstanding 6,000 shares, par value $50).

The First National Bank of Bee¬ ville, Texas, increased its common¬ stock capital from $200,000 to $250,000 by a stock dividend and from $250,000 to $300,000 by a stock dividend of new stock effective March 28. (Number of shares outstanding—5,000 shares, par value $50).

Electron of Byron Smith, as Director of the Reserve National Bank of Dallas, Texas, was appointed by James W. McCall, Jr., President.

With the First State Bank of Aransas Pass, Texas, from 1939 to 1951, Mr. Smith advanced to Cashier. He then joined the Bank of Houston (now the Bank of the Southwest), as Vice-President until 1957, when he became President of Celina, Texas.

Cecil M. Higginbotham, was also elected to the directors of the First State Bank of Nashville, Tenn., and Farmington, Utah.

The First National Bank in San Antonio, Texas, has accepted a non-stock capital from $9,000,000 to $10,000,000 effective April 2 (number of shares outstanding 100,000 shares, par value $10).

Mr. E. J. MacKenzie Hay has been elected a Director of the Board of Directors of the National Bank of London, London, England.

Richard Edwards Now With Woodcock, Hess

John L. Woodcock, Philadelphia, Pa.—Wood¬ cock, Hess, & Co., 123 S. Broad Street, members of the New York Stock Exchange, announced that Mr. Edwards is now with the company as Manager of their research depart¬ ment.

Mr. Edwards has been active in the investment securities business for the past 25 years and prior to joining Woodcock, Hess, Moyce & Co., was associated with Harry C. Deckerman & Co.

E. K. Van Horn Heads Division for NY Fund

Edward K. Van Horn, Presi¬ dent of Morgan Guaranty Trust Co., is Chairman of the financial institutions in the pub¬ lic offering of the 1957 National City Bank fund.

With National Securities

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highlights from
GULF OIL’S
ANNUAL REPORT

1957 was a year of continued growth which has characterized Gulf Oil's history, especially in recent years.

Worldwide, major activities showed healthy gains which added substantially to the Company's financial growth and stability.

At year end, Gulf’s assets topped $3.2 billion and net income exceeded $354 million—increasing from over $2.8 billion and $282 million, respectively, in the year.

Salient figures from our 1957 Report are presented here.

<table>
<thead>
<tr>
<th>CONSOLIDATED FINANCIAL DATA</th>
<th>1957</th>
<th>1956</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$354,284,000*</td>
<td>$282,658,000</td>
</tr>
<tr>
<td>Net Income Per Share</td>
<td>$11.38*</td>
<td>$9.08</td>
</tr>
<tr>
<td>Cash Dividends Paid</td>
<td>$73,823,000</td>
<td>$69,244,000</td>
</tr>
<tr>
<td>Cash Dividends Paid Per Share</td>
<td>$2.50</td>
<td>$2.50</td>
</tr>
<tr>
<td>Stock Dividends Paid</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$3,240,571,000</td>
<td>$2,872,270,000</td>
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<tr>
<td>Sales and Other Operating Revenues</td>
<td>$2,730,085,000</td>
<td>$2,339,715,000</td>
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<tr>
<td>Capital Expenditures</td>
<td>$546,453,000</td>
<td>$465,950,000</td>
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<tr>
<td>Depreciation, Depletion, etc.</td>
<td>$252,265,000</td>
<td>$217,185,000</td>
</tr>
</tbody>
</table>

*Includes profit of somewhat less than $1 per share from sale of Texas Gulf Sulphur Company stock

<table>
<thead>
<tr>
<th>OPERATIONS DATA—DAILY AVERAGE BARRELS</th>
<th>1957</th>
<th>1956</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Crude Oil, Condensate, &amp; Natural Gas Liquids Produced</td>
<td>1,253,775</td>
<td>1,087,097</td>
</tr>
<tr>
<td>Net Crude Oil, Condensate, &amp; Natural Gas Liquids Produced</td>
<td>1,151,438</td>
<td>997,452</td>
</tr>
<tr>
<td>Crude Oil Processed at Refineries</td>
<td>682,215</td>
<td>667,874</td>
</tr>
<tr>
<td>Refined Products Sold</td>
<td>747,198</td>
<td>698,277</td>
</tr>
<tr>
<td>Natural Gas Liquids Sold</td>
<td>106,301</td>
<td>111,877</td>
</tr>
</tbody>
</table>

(For a copy of Gulf’s Annual Report, write to Room 1300, P. O. Box 1166, Pittsburgh 30, Pa.)
Dillon, Read Group Offers Belgian Congo 5 1/4% Bonds at 98 1/2%.

An investment banking group headed by Dillon, Read & Co. Inc., offered for public sale yesterday (April 16) $15,000,000 of the Belgian Congo 15-year 5 1/4% external loan bonds of 1956 priced at 98 1/2% to yield approximately 5.40% to maturity.

This financing represents the first public offering of Belgian Congo securities in the United States. The Government of the Belgian Congo intends to use the proceeds for new national 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.

Under this plan, estimated to cost the equivalent of nearly $1,000,000,000, it is anticipated that the new facilities will greatly increase the construction of national housing and related facilities will total about $86,000,000 and provide for about 40,000 dwellings.

Dillon, Read & Co., Inc. and Mr. Whitehead. Else A. Nye is a limited partner.

Mr. Nye, a veteran of almost 40 years in Wall Street, passed 23 of those years with Freeman & Company, most of that time as partner in charge of railroad securities. He is a director of the Minneapolis St. Louis Railway, Havig Industries and Granby Consolidated Mining, Smelting & Power Co., Ltd.

Mr. Whitehead started his career in the investment business in 1923 when he resigned from Syracuse University where he was teaching courses in corporation finance and investments, to become, associated with an investment consulting firm. He came to New York in 1936 and became a partner in Dillon & Co., later subsequently was admitted to partnership in Whitehead & Fischer, and later conducted his business as a sole proprietorship under the name of Louis H. Whitehead Co.

Since 1952 he has been a partner of the Cosgrove, Whitehead & Gammack company and its predecessor firms. Known as Neegaard, Miller & Co. in 1952, the firm was later changed to Cosgrove, Miller & Whitehead and subsequently to Cosgrove, Whitehead & Gammack.

With Morfeld, Moss

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Jerry C. Schraudenbach, new with Morfeld, Moss & Hartnett, 721 Olive Street, members of the Midwest Stock Exchange.

McCoy Inv. Formed

WILLIAMSBURG, Va. — Anna B. McCoy is engaging in a securities business from offices at 211 D Coleman Avenue under the firm name of McCoy Investment Co. Miss McCoy was formerly with Jerry H. Clark & Associates.

Penington, Colket Admits

PHILADELPHIA, Pa.—Penington, Colket & Co., members of the New York and Philadelphia-Baltimore Stock Exchanges, on May 1 will admit to partnership Robert J. Zippe of Pikesville, Maryland and W. Albert Smith, III, of Reading, Pa.

With H. L. Robbins

(Founded by THE FINANCIAL CHRONICLE)


Lockheed Management answers your questions about: Lockheed’s Activities in Research and Development

1. How extensive is Lockheed’s research and development program?

Lockheed is presently engaged in research and development activities that probably are the broadest in the aircr aft industry. During 1958 Lockheed will be pushing ahead on nearly 140 challenging research and development projects—ranging from highly ingenious manned aircraft designs to studies of ion and other forms of atomic propulsion of air and space vehicles and remote guidance of unmanned space ships.

Lockheed’s intensive missile research is reflected in rapidly increased sales. Missile sales represented 8% of Lockheed’s all-time record business of more than $885 million in 1957. This proportion is expected to climb to 20% or better in 1958 as work is accelerated on various Missle Systems Division programs, including the U.S. Navy’s long range fleet ballistic missile, POLARIS, for which Lockheed is the prime contractor.

In the field of atomic power, Lockheed’s Georgia Division and the U.S. Air Force are constructing the nation’s largest laboratory for nuclear aircraft research and testing of radiation effects on aircraft-systems. This Lockheed-operated Air Force research center is being constructed on a 10,000-acre site near Davenportville, Georgia, and will go into service early in 1959.

Lockheed also has devised plans to enter another nuclear field—the design and manufacture of atomic reactors as a source of commercial and industrial power and heat.

2. Which of Lockheed’s R&D projects has the biggest potential for near-future production contracts?

The POLARIS Fleet Ballistic Missile: Recent history-making technological events have given added impetus to the development of this top-priority U.S. Navy missile. The 1500-mile range of the first unit, combined with the Navy’s world-wide mobility, could subject virtually any military target on earth (including submarine pens and bases) to swift and devastating retaliatory action from the sea-independent of fixed launching sites.

Lockheed is missile system manager on the POLARIS program, and has already received $120 million in contracts—many for production development work on the POLARIS. There is every assurance that Lockheed will receive production contracts for the POLARIS in large quantities—as this solid propellant, sino-stage missile fills a vital need in our nation’s total defense program. (See POLARIS organization chart, opposite page.)

3. What is Lockheed’s position in the field of electronics research and development?

Lockheed’s pioneering leadership in airborne electronics—and the fact that Lockheed has designed and built more Anti-Submarine Warfare and Airborne Early Warning radar planes than any other company—will continue to be an important source of new contracts for Lockheed.

The bonds will not be redeemable for ten years except for a semi-annual sinking fund beginning Oct. 1, 1963, which is calculated to retire 95% of the issue prior to maturity. Commencing April 1, 1968, the bonds will be redeemable at the option of the Congo at prices scaling from 101 1/4 to 100 for the last two years. The bonds are direct obligations of the Congo, and principal and interest will be payable in U.S. dollars at the office of Dillon, Read & Co. The Congo has never defaulted on any debt obligation held by the public. Application has been made to list the bonds on the New York Stock Exchange.
Aircraft Without Fuel Envisioned

Aircraft without fuel, indefinitely flying 6,000 to 18,000 miles an hour, ranging in size from feather-weight metal-fog "kites" to large satellites, are some of the specifications envisioned by two chemists of the Aerejet General Corp., regarding future space flights using sun's stored energy.

Aircraft that fly without fuel through the upper atmosphere— and that may range in size from feather-weight, metal-fog "kites" to manned chemical factories—were envisioned in a report made public to 6,000 chemists and chemical engineers assembled for the 133rd national meeting of the American Chemical Society, April 13, at San Francisco, Calif.

The radical flying machines would be propelled by jets operating on the chemical energy of the thin air at altitudes above 60 miles, according to the report, which was presented before the ACS Division of Physical and Inorganic Chemistry by Sturge T. Demetriades, technical consultant to the Aerejet-General Corporation, Azusa, Calif., co-author of the report, and Carl H. Kretschmer, research chemist with Aerejet-General, which is a subsidiary of the General Tire & Rubber Company.

The ultimate success of this kind of flight will depend primarily on the speed with which single oxygen atoms of the upper air can be made to pair off to form molecules of oxygen gas, the report emphasized. The preliminary design of a ramjet atomic-oxygen power plant has been carried out in detail in pioneering research under contract with the Air Force Office of Scientific Research, it said.

It has been shown that thrusts can be achieved that compare favorably with the expected frictional drag at those altitudes, it was stated. However, at speeds of about 6,000 miles per hour, the lift provided by a square foot of wing surface would be only about one ounce.

**3. Hydrogenic shock waves—100,000 mph, 100,000 degrees centigrade—to study flow of ionized gases at extreme Mach numbers (relating to ion engines for space travel)**

**4. Study of opacity of air (and effects on very high speed flights in atmosphere)**

**5. Cosmic ray investigation (space flight)**

**6. Ion propulsion (of space vehicles)**

**7. Physiological endurance limits in outer space travel (man’s capacity to cope with new environmental sensations and hardships)**

**8. Infrared radiation studies (leading to instruments for collision avoidance of manned aircraft)**

**9. Advanced aeronautics (navigation in space)**

**10. Solar energy studies (leading to electrical power for radio transmission of data from orbiting satellites)**

Lockheed, always in the forefront of technological developments, is expanding its research activities to include new frontiers. In Lockheed's vast laboratories, a dedicated staff of scientists is working to improve the world we live in, and to achieve new miracles in man's swift conquest of outer space.

---

All of our operating divisions have made significant progress in both airborne and ground electronic devices and services. Last year we formed a special diversification task force to study the desirability of mergers or acquisition of companies that could add to our already long experience and established "know-how" in electronics.

Our goal is not merely the development of greater technical competence in these areas. We plan to build a full, well-rounded electronics capability to match our overall design, manufacturing and servicing abilities and thereby improve our potential in managing complete weapon systems—like Lockheed's POLARIS, and the giant earth satellite we are developing for the Air Force.

**4. What areas of advanced research is Lockheed presently engaged in?**

The following list is necessarily incomplete, due to the omission of those research projects which by their mere listing would reveal their significance and thereby violate security:

1. Effects of gravity on electrical flow (outer space communication)
2. Supercconductivity of materials at low temperatures (relative to manned space flight)
3. Hydrogenic shock waves—100,000 mph, 100,000 degrees centigrade—to study flow of ionized gases at extreme Mach numbers (relating to ion engines for space travel)
4. Study of opacity of air (and effects on very high speed flights in atmosphere)
5. Cosmic ray investigation (space flight)
6. Ion propulsion (of space vehicles)
7. Physiological endurance limits in outer space travel (man’s capacity to cope with new environmental sensations and hardships)
8. Infrared radiation studies (leading to instruments for collision avoidance of manned aircraft)
9. Advanced aeronautics (navigation in space)
10. Solar energy studies (leading to electrical power for radio transmission of data from orbiting satellites)

Lockheed means leadership
Is Chemical Research Ignoring Thorium and the Rare Earths?

By S. BECKER TREAT
Vice-President and Gas, Lindsay Chemical Company, West Chicago, Ill.

Thorium prices are competitive in the world market, and many of the prices of rare earths are in the general commercial chemical range, are assertions made by Mr. Treat in his latest letter to the Chemical Engineer. The Lindsay Chemical official depicts present and potential market for nuclear and non-nuclear applications of thorium and its "almost totally ignored" by-product rare earth materials will be the focus of today and are worthy of serious attention today.

Before my very brief discussion of the potential of these materials, I want hand in a plug for uranium's country cousin—thorium, and those elements that accompany it—other rare earths, but now almost to earth materials such as gadolinium, dysprosium, europium, etc. if these are to supply certain other materials now receiving closer attention in nuclear applications, we should be susceptible to the idea of replacement, for some of these materials might be just what the doctor ordered.

Any consideration of market potentials for our materials must be predicated first upon the close inter-relationship of production and use and their occurrence together in nature. Although there are only containing on the hand mostly thorium and on the other hand mostly rare earths, it is hard to be monotone as a starting material. Monazite—such as we possess today might 8 to 10 units of rare earth group to every 1 of thorium. This adequately meets the present demand for thorium and leaves considerable tonnage of rare earths—good backing with which to face the future and pursue new markets. Since both thorium and rare earths come out of our processing as a semi-simultaneous, what affects one must necessarily affect the other.

Much of the potential for these interesting elements may well be realized via their participation in the extension of known uses, and for this reason the following views briefly just what industry is doing with them now and what looks ahead. We refer to thorium, the classic application has been in the Welsbach Mixture used to impregnate incandescent mantles. While the Coleman and Aladdin types of lamps now may be found in this country only in the hills of West Virginia and a north woods cabin, the lamps of China and India are spread across most of the entire world and still use vast quantities of them. American thorium prices are competitive with foreign prices, but political intrigue and lack of hard American dollars denies us much of this foreign market. Better international feeling, more stable conditions and the greater monetary market, and perhaps a better program might well open this market to us. This same Welsbach Mixture is a good oxidizer for the Fischer-Tropsch reaction.

Allergy for Missiles and Jets

Thorium's high melting point—often cited as proof of its low radioactivity, has been used as a high temperature refractory material. However, the brightest non-nuclear future for the element is in a thorium-magnesium alloy. This allows filled alloy to be used for jet planes and missiles. They seem to be the only materials with the necessary high temperature tensile and creep resistant properties. The producer claim that in the 300 to 700°F range this alloy literally flies alone. Although containing less than 5% thorium, these alloys require a very little thorium if anything in the way of thorium. At the present time the mass production, in other words our defense effort, take practically all the output of this alloy, nevertheless the producers and fabricators are confident of significant applications in other channels.

For the rare earths—please take a mental look at the periodical chart of the elements. Of the 90 odd elements occurring in nature, about 16% are in this group of chemical black sheep which have been rather unfortunately dubbed "the rare earths." I do not mean upon use in industrial uses should reflect that relatively high percentage. But, assuming that there are used to every more respectably tenacious of thorium. At the present time the mass production, in other words our defense effort, take practically all the output of this alloy, nevertheless the producers and fabricators are confident of significant applications in other channels.

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The list of potential metallurgical applications is a long and impressive one but there are several as yet unanswered questions. First, when beneficial results are obtained, is this because of the presence of one individual rare earth or will the group as a whole do the same job? Secondly, in what form and what is the proper method of adding the rare earths in mill practice to achieve maximum and repetitive results? If positive and favorable answers to these questions can ultimately be obtained, the steel industry might well bring about a considerable increase in the production of rare earths.

This interesting group of elements, particularly cerium, can give vastly improved opacity to porcelain enamels—cerium having more than 3 times the specified effect of tin or zirconium oxides. Cerium prices today, however, prevent wide spread use of this fine specifier—a situation that might well change for the better in the future.

Automobile Engine Exhaust

Within the past year technical journals report that the rare earths might help solve one of the big problems of smog and air pollution—automobile engine exhaust. The technique of "flame ceramics" in which non-metallic powders are sprayed through a flame gun, shows promise of significantly reducing the amount of carbon-monoxide and hydro-carbons in exhaust gas. Complete coating of piston and cylinder head heavy will cure surface combustion rate sufficiently to warrant reduction of anti-knock additives in gasoline by "nothing of prolonging piston and cylinder head life. The prospects of using a large tonnage of rare earths in this application is an intriguing one and practical tests are already underway. There are a number of other possible catalytic applications for the rare earths. One rare earth plant is now owned by one of America's best known catalytic producers, while another one has a research program in this field underway at the present time. We can, A REPORT ON SOUTHERN NATURAL GAS SERVICE TO THE INDUSTRIAL SOUTHEAST IN

GROSS REVENUES AND NET INCOME

of the Company during 1957 continued to climb to record levels. Net income was increased during the year despite substantially higher operating expenses. Dividends per share of common stock amounted to $2.00 as compared to $1.85 for the previous year.

SERVICES

supplied by the Company during 1957 reached a record number of industrial enterprises, gas distributing companies, pipelines and municipalities throughout the Industrial South-east. The total volume of gas sold amounted to more than 316 billion cubic feet, the highest in the Company's history. The Company's management is continuing to plan for expansion of services to the Industrial Southeast and consequent benefits to consumers, stockholders and employees.

For a copy of our 1957 Annual Report, which contains detailed information about the Company's financial and service highlights during the year, write to Dept. FC.

SOUTHERN NATURAL GAS COMPANY
Home Office—Birmingham, Alabama

SERVING THE GROWING SOUTHEAST
In 1957, the West needed MORE ENERGY THAN EVER BEFORE

—and El Paso Natural Gas Company again set records in supplying the West’s fastest growing fuel

In 1957, El Paso Natural Gas Company continued its biggest job—finding, transporting and furnishing energy for the West.

More energy was consumed than ever before by the millions of people and by the thousands of industries in this great area.

And natural gas played a bigger part than ever in supplying this energy.

Next year—and in decades to come—the use of natural gas in the West is expected to soar to even higher levels.

Of key importance is the fact that the controlled gas reserves of El Paso and its subsidiary, Pacific Northwest Pipeline Corporation, continue to increase—providing insurance that tomorrow’s energy needs will be met. At year’s end, such reserves stood at an all-time high of approximately 35.3 trillion cubic feet. And El Paso had completed negotiations with producers for long-term contracts for another 1.8 trillion cubic feet of gas.

These facts and other information relating to El Paso’s operations are set forth in the Company’s Annual Report for 1957, which has been mailed to 17,500 stockholders. This report summarizes progress made in serving the West in the past year, and includes for the first time separate figures for Pacific Northwest Pipeline Corporation. In 1957, operating revenues reached a record high of $301,090,637, with consolidated net income of $34,606,288. This is equal after dividends on Preferred Stocks to $2.39 per share on 11,795,041 shares of Common Stock outstanding (excluding 5,226,903 shares of Common B Stock which did not participate in dividends in 1957).

Looking to the future, the Annual Report also outlines plans for expansion and describes pending projects (including a 511-mile pipeline from Twin Falls, Idaho, to Las Vegas, Nevada) to increase the volume of gas delivered daily to its markets.

Copies of El Paso’s 1957 Annual Report to Stockholders are available by writing to El Paso Natural Gas Company, El Paso, Texas.

Ten years of progress

In meeting the energy needs of the West

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<th>Year</th>
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In 1957, El Paso Natural Gas Company furnished more than a trillion cubic feet of natural gas to customers in the West—a new record for the Company.
Nine Important Trends Shaping the Chemical Industry

by DR. WILLIAM COPULSKY

Chemical commercial research head discusses nine significant trends bound to shape the chemical industry. Dr. Copulsky's thoughtful, well-documented presentation will be of interest to anyone concerned with the implications of recent developments in chemical technology. Let us consider some of these trends and the possible ways that the industry will respond to them.

(1) Technological change through research will be more rapid and more competitive. Productivity increases of millesimal proportions in the past have contributed to the lower costs of raw materials and, therefore, have affected the costs of the final product. The chemical industry is not subject to such slow progress, and productivity improvements of more rapid pace will be seen in the years to come. The chemical industry will have to look to new sources of energy for increased productivity. A very large amount of energy is used in the chemical industry, and any improvements in energy efficiency will lead to lower costs of products. Improved technology will lead to more efficient use of energy, and this will have a major impact on the costs of chemical products.

(2) Pressures on raw materials supplies will increase and diversification of the raw materials base will become very important. The chemical industry will have to look for new sources of raw materials. This will require a more diversified raw materials base and a more flexible approach to raw materials procurement. The chemical industry will have to look for new sources of raw materials to reduce its dependence on a few key raw materials. This will require a more diversified raw materials base and a more flexible approach to raw materials procurement. The chemical industry will have to look for new sources of raw materials to reduce its dependence on a few key raw materials.

(3) The company organization, staff workers and management will change faster. Changes in the company organization will lead to changes in the staff workers and management. The company organization will change in response to changes in the market and the industry. The staff workers and management will change in response to changes in the company organization. This will lead to a more efficient and effective company organization.

(4) Prices and costs will rise with new and continuing trends in price inflation. The chemical industry will have to consider the effects of price inflation on its costs and prices. Price inflation will lead to higher costs for raw materials, energy, and other inputs. The chemical industry will have to consider the effects of price inflation on its costs and prices. Price inflation will lead to higher costs for raw materials, energy, and other inputs.

(5) Companies will intensify diversification crossing over into other industries. The chemical industry will have to consider the effects of diversification on its costs and prices. Diversification will lead to higher costs for new products, research, and other inputs. The chemical industry will have to consider the effects of diversification on its costs and prices. Diversification will lead to higher costs for new products, research, and other inputs.

(6) Demand will continue to increase steadily with only mild inflation and lower prices. The chemical industry will have to consider the effects of mild inflation and lower prices on its costs and prices. Mild inflation and lower prices will lead to lower costs for raw materials and energy. The chemical industry will have to consider the effects of mild inflation and lower prices on its costs and prices. Mild inflation and lower prices will lead to lower costs for raw materials and energy.

The chemical industry is facing a number of major changes. These changes will have a major impact on the costs and prices of chemical products. The chemical industry will have to consider the effects of these changes on its costs and prices. The chemical industry will have to consider the effects of these changes on its costs and prices.
Actually our college have encouraged specialists with narrower and broader interests as he works his way to the doctorate. This academic concept of specialization is not an old concept, it is a relatively new development, probably coinciding with, and a requirement of, newly industrialized economies. While undue importance on expectation in a single field is now the rule, the educational concept of the renaissance was that a really educated man was one seeking not a deeper and deeper penetration of a single field, but a clearer understanding of all the parts of knowledge and their relationship to the whole. Managers of the future chemical industry cannot be specialists in their management job, even though they may be at some earlier stage in their career. By the nature of their job, they will be in increasing close contact with all elements of business and industry, and with all types of people, cultures, and societies. Managers must be integrators, capable of mentally evaluating a vast mass of knowledge and ideas into an effective decision.

It is evidenced that as our total scientific knowledge has increased, it has become more difficult for any one man to master a broad segment. Increasing specialization results, and instead of individuals we need teams to tackle problems. But how can specialists talk to each other, how can they be coordinated? This is a job that needs the talents of the generalist. What is good is the specialist if no one can understand him? How can we convert his skill to practical use? To profits? Here is a challenging job for the generalist manager.

The organization that allows its best men to become too highly specialized is running the risk of losing good management material. In such an organization, specialists become unwilling or unqualified to accept broader responsibilities. Too many vertical functions and lines of authority and communication develop without horizontal connections.

Joins Putnam Staff
(Special to The Financial Chronicle)
HARTFORD, Conn.—Stanley J. Obrowski has joined the staff of Putnam & Co., 6 Central Row, members of the New York Stock Exchange.

A new insecticide that "grows" right in the plant!

Now, for the first time, an insecticide has been developed that can be coated on the seeds and carried right into the growing plants. Thus, in early stages of growth, plants can be given their own "built-in" protection against insects. This new product, Thimet® systemic insecticide, is a pioneering development of Cyanamid's chemical research. It is already being used to control insect damage to young tobacco plants—with dramatic success. Research is now going forward to apply its benefits to other crops.

Here is the beginning of a new era in insect control. The development of Thimet—a new application of chemical science to agriculture—is typical of the contributions Cyanamid chemistry is making to progress in many fields.

Volume 187. Number 5734. . . The Commercial and Financial Chronicle (1729) 29
Joint Ownership Implications of Securities and Other Property

By LEROY A. SHATTUCK, JR.
Professor of Finance, University of Pittsburgh
Member of Allegheny County Bar and American Bar Assn.

After reviewing the more important implications involved in joint property ownership, Professor and Mrs. A. Liberty overvalued. "The Pittsburgh writer concedes its feasibility if limited to modest bank account, family home and possibly a few securities, but contends that changes make it improper on the following grounds: Considering such possible consequences as needless tax payments and harm to welfare of families concerned. Submitted disadvantages of joint ownership will steadily become more serious in coming years.

Property held in two or more names, and which will pass by operation of law to the survivor upon the death of a co-tenant, is a matter of joint ownership. Bank accounts, U. S. Savings Bonds, stocks and real estate are commonly held in joint names, usually among those husband and wife who are jointly entitled to the use of the property without division. The title to property in joint names do so without recognition of the varying interests of the contributors who have invested.

Property held in two or more names is known as "community property," and is subject to the separate property of each spouse. In other words, the spouse may have the right to sell or otherwise dispose of the property, and the proceeds from such sale or other disposition may be used for the support of the spouse or the family. This is the general rule in all states, and is applied most frequently in cases of divorce or separation. The courts have also recognized the right of any owner to transfer the property, and the proceeds of such transfer may be used for the support of the owner or the family.

Several questions to be considered before taking title jointly include the following:

1. The effect of the state inheritance tax laws?

2. What will be the effect of this property on your Federal tax returns?

3. Can the provisions pertaining to gifts be most advantageously applied most effectively?

4. What will be the impact of tax on property and income? How should the property be taxed?

5. What are the benefits of joint property ownership with respect to insurance?

One Very Important Implication of Joint Ownership

State Inheritance Taxes

The inheritance tax statutes of every state recognize the fact that joint ownership of property is widely practiced. Consequently, the impact of inheritance taxation on joint ownership of property will depend greatly on the applicable state inheritance tax laws. In the case of real estate, the property is valued at the death of one of the owners, and the share of one-half of the estate is passed to the surviving owner.

As of Jan. 1, 1935, and the law of the situs of the realty prevents severance by either spouse acting alone, then a gift was made as part of the state's joint ownership, and the state's life expectancy tables. This assumption is made only if the spouses furnished all the funds, or that the funds were not furnished by either spouse. In other words, prior to the gift, the surviving owner was entitled to a taxable gift which would have been made by the spouse who supplied the funds.

Since Dec. 31, 1944, a different rule has been applied to joint ownership. Where real estate is involved, it will be those state laws which determine the tax liability. In some states, the ownership of property jointly with survivors rights may result in some saving of state death and transfer taxes. In Pennsylvania, for example, there is a 10% inheritance tax imposed on jointly owned property situated in Pennsylvania at the death of a surviving spouse. As for property owned jointly with right of survivorship, there is an inheritance tax imposed on the value of the decedent's share of the property which passes by operation of law to the survivor, and which may be at a rate as high as 10% in some cases. In the former case, the tax rate would be at a rate of 2%. In the latter case, the tax rate would be at a rate of 10% for property in the survivor's name which is valued at $100,000 or more.

In many states, the tax rate varies according to the degree of relationship. The tax rate in the case of property joint with a parent is 10%, but that of property joint with a grandparent is 10% and in the case of property joint with a grandparent is 10%.

The Federal Gift Tax

Under the Internal Revenue Code, the term "gift" is broadly defined as an present or contribution of property, money, or property to one person, done without adequate consideration in money or money's worth. Accordingly, the question of the taxability of transfers of property, whether to a spouse or a family member, or to someone else, is a tangled web. The gift tax is not a property tax but is, like the estate tax, a transfer tax or transfer duty. In the case of a gift, the donor transfers property: duration of the gift.

Certaingifts are exempt, such as those made to the United States, to a spouse, to a religious, charitable, or educational institution, to a blood relative of the donor, to the donor's transfers of property without adequate consideration.

The technicalities involving the implications of such gifts are often so involved and complicated. This is particularly true where there is a joint property interest, such as a joint bank account, or a joint trust.

The taking of title in joint names with survivorship rights, to real and personal property, or to any other property, may involve the making of a gift, the giving of property, the fact is not generally recognized, particularly where the interests created by the gift are not transferred in the gift tax. This is particularly important where the interests created by the gift are not transferred in the gift tax. This is particularly important where the interests created by the gift are not transferred in the gift tax. This is particularly important where the interests created by the gift are not transferred in the gift tax. This is particularly important where the interests created by the gift are not transferred in the gift tax. This is particularly important where the interests created by the gift are not transferred in the gift tax. This is particularly important where the interests created by the gift are not transferred in the gift tax. This is particularly important where the interests created by the gift are not transferred in the gift tax. This is particularly important where the interests created by the gift are not transferred in the gift tax. This is particularly important where the interests created by the gift are not transferred in the gift tax. This is particularly important where the interests created by the gift are not transferred in the gift tax. This is particularly important where the interests created by the gift are not transferred in the gift tax.
his or her estate. Assume that the widow serves, and that the
justiced group owned by her deceased
husband is $500,000, that all prop-
erty is joint, and that property
owned, to just
of the
property is included in de-
cedent's gross estate, the new basis
of the property is valued at the
justed value of the property. If the
widow was left $250,000, and $250,
000, qualifies for the marital deduc-
tion. The estate of $500,000,
the $250,000 tax credit is reduced by any deductions and
exemptions. The marital deduction
of law to the widow. If the widow
survives her husband by 10 years,
all of property will be subject to the
applicable federal estate tax. If she
survives him by less than 10 years,
her estate will have certain tax
credits reflecting the length of her
years of survival, to offset the
estate tax that will be imposed on
her estate. If the surviving spouse
dies within two years, the tax
credit is 100% of the estate tax
imposed on the estate of the
decedent spouse. The tax credit is
subsequently reduced by 20% for
each successive two-year period.

On the other hand, suppose the
decedent husband had owned all
property in his own name. He
could have given $250,000 outright
to his widow, this amount
qualifying for the maximum
marital deduction. The other
$250,000 has the estate tax, de-
ductions and exemptions, he could
have willed in trust with the in-
come to his widow for life, with
the remainder over. Thus the
estate taxes on his estate would be
levied on the portion passing under
trust; the state taxes on his widow's
estate would be on the property
which she owned at the time of her
decedent's death. The result
would normally be that the state
taxes would be considerably
smaller than with all property,
on substantially all property,
jointly owned by spouses. In any event, it seems
that the joint ownership of prop-
erty by spouses, with respect to the
marital deduction, does
nothing to decrease the total lia-
ability for estates taxes. Actually,
the reverse is the more probable
result.

Capital Gains and Losses

Prior to enactment of the Internal Revenue Code of 1954,
there were various income tax
implications with respect to joint
ownership of property. Briefly stated, if the joint owners
were married at the time of Dec.
31, 1953, the basis of property
to the surviving co-owned
was its original cost. During periods
of generally rising property values
the effect of this provision
would be quite detrimental to the
survivor. For instance, if the
real estate (or other property)
may have been acquired in 1940 for
say, $10,000, for inheritance and
estate tax purposes, assume it
was appraised at $20,000 at the
death of the first of the co-
owners. Let us further assume that
the property was subsequently
sold by the survivor for $30,000.
The basis for computing the
capital gain would have been
$10,000, the original cost. Obviously,
during periods of rising property
values the effect of this provision
was to increase capital gains and
the taxes thereon. During periods
of falling values it could, under
other conditions, have the effect
of reducing capital losses.

The Internal Revenue Code of 1954 modified considerably
the treatment of capital gains and
losses with respect to joint
owners of jointly owned property.
Briefly stated, if the joint owners
were married at the time of Dec.
31, 1953. Pursuant to the
revised provisions, the survivor of
jointly owned property obtains
a new basis, namely, the value
of the property at the time of
decedent's death, to the extent
that such property was included in
decedent's gross estate. In the
example just cited, if all of the
property had been included in
decedent's gross estate, the basis
to the survivor would have been
$20,000. If only a part of the
jointly owned property is included
in such gross estate, the basis
will be split accordingly. That is,
to the extent that any of
the property is included in de-
cedent's gross estate, the new basis
to the survivor is the appraised
to the extent that any of
of the joint property is excluded
from decedent's estate, the basis
to the survivor remains its cost.

All things considered, it appears
that the provision in the 1954
Internal Revenue Code affecting
the tax treatment of capital gains and
losses by the survivor of jointly
owned property will result in more
equitable treatment for such
survivor. But this change in the
tax code, while probably
improving the lot of the surviving
taxpayers in many instances, would
not in itself be an important
argument for acquiring title to prop-
erty jointly.

Conclusions

In addition to the disadvantages
as set forth above, there is
also the loss of control over one's
property. A will is ineffective as
to jointly owned property, and
with respect to such property,
estate planning may be precluded.
Where spouses are involved, state
laws relating to joint ownership
may be entirely different from
joint ownership in terms of
survivorship, due to the length of
their interest by one spouse
with
the consent of the other. Even
where the joint interests are
corroded, and both parties are
represented in separate names, gift
tax considerations may then be a
factor. Where property is owned jointly,
the only survivor that has
ownership of any ultimate dis-
position of the property.

In summary, it appears that the
advantages of owning property in
joint names are greatly overstated.
Certainly under most conditions
it should be limited to a modest
bank account, the family home,
and possibly a few securities.
In the past, in a more simple era,
joint ownership with right of sur-
vivorship, became to a large ex-
tent customary. But times have
changed, and certainly placing
joint title in certain names should
no longer be done automatically,
without thought or regard for the
possible consequences. Taking
title to property jointly may re-
suit in the payment of taxes that
should have been avoided, and
may have the ultimate result of
affecting adversely the welfare
of the families concerned.
It is submitted that in the years
ahead, whatever advantages of
such form of ownership as exist,
will become less important,
while the disadvantages of owning
property jointly will steadily
become more serious.

With Staats & Co.
(Special to The Financial Observer)
SAN FRANCISCO, Calif.—Wil-
liam H. Magruder is now affiliated
with William R. Staats & Co., 111
Sutter Street. He was previously
with J. Earle & Co.

Three With First Sierra
(Special to The Financial Observer)
SAN FRANCISCO, Calif.—Hil-
burm M. Chotzen, Heinrich G.
Wolter and George E, Wurzburg,
have joined the staff of the First
Sierra Corporation, 69 Post Street.
Foreign Trade Program's Relation To Private Foreign Investment

BY ANDREW N. OBERY

Vice-President, The First Boston Corporation, New York City

As an investment banker and as a citizen, I am convinced that a program of expanding foreign trade and investment is the best program for fostering growth and strength for the free world, with the United States at the center, and for raising our standards of living under economic freedom. I am convinced that a program of more restricted trade and investment will have the effect of the policies advocated by opponents of the President's programs for expanding foreign trade and investment on a mutu¬

ally beneficial basis. For our country, it is only right and logical that the United States should pursue policies which would enable us to meet our economic needs and to live up to our capacity for leadership in the world.

As to the effect of these policies on the other countries, I believe that our free and voluntary trade and investment programs abroad would enable us to lead the way in a world of expanding trade and investment which would result in strengthening the free world and in promoting the economic development of the United States.

The American Merchant Marine

By Donald C. Sloan

Senior Vice-President, Donald C. Sloan & Company

We must continue to make clear to the public that our foreign trade program is not designed to compete with domestic producers, but rather to supplement their efforts and enable them to reach new markets and new opportunities. This is the essence of the "trading zone" concept. If we are to have a truly competitive economy, we must develop mechanisms that will facilitate, not hinder, the exchange of goods and services.

Foreign Investment as a National Policy

BY Donald C. Sloan

Senior Vice-President, Donald C. Sloan & Company

Foreign investment has been a critical factor in the economic development of many countries around the world. It has played a vital role in financing the expansion of productive capacity and in providing the capital necessary for the growth of industries and businesses. Foreign investment has also been a source of technology and management expertise.

The United States is a significant recipient of foreign investment, particularly from the countries of Western Europe and Japan. This investment has been crucial in financing the growth of industries and businesses in these countries, and has contributed to their economic development.

However, foreign investment is not without its risks. There are concerns about the potential for capital flight, the impact on employment, and the loss of control over key industries. It is important to balance these risks with the benefits of foreign investment, and to develop policies that promote sustainable and responsible foreign investment.

The United States has a history of providing incentives for foreign investment, such as tax holidays and other financial assistance. These incentives have been aimed at attracting foreign investment and promoting economic growth. However, there is a need to review these incentives and ensure that they are effective and do not create distortions in the market.

The United States should continue to promote foreign investment, but also ensure that it is subject to appropriate regulations and controls. This will require a balanced approach that recognizes the potential benefits of foreign investment while also protecting the interests of the United States and its citizens.

Conclusion

Foreign investment has been a critical factor in the economic development of many countries around the world, and it is essential for the United States to pursue policies that promote sustainable and responsible foreign investment.

The United States should continue to promote foreign investment, but also ensure that it is subject to appropriate regulations and controls. This will require a balanced approach that recognizes the potential benefits of foreign investment while also protecting the interests of the United States and its citizens.
Some of the Myths Men Believe and Live By
By John Dutton

Public opinion is often molded by those who command the press, the radio, and television. Commentators who have been summing up the past two decades and establishing armament boom such as the world has never seen before, that has been poured out through the press, radio, TV and by government, have a kind of magic power. We have a stack of paper upon which we have our future space cadets could walk the moon. They would not have to shoot at it with rockets. They would do it and then what happened last fall. The vocal and exuberant leaders of this so-called sound prosperity almost to a man came up with a single phrase, "Tight money is the root of the evil that will make our children and ourselves be in expensive and cheaper-depreciating dollars."

What does this mean to an investor? It means that he has to be alert not only to what is going on but to what is happening in the world of public opinion.

The sudden turn of the tide of public opinion in favor of the Republican party, the outlook for next year is very favorable to the rich and the so-called "the right thing." The columnists and the syndicate

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<th>STANDARD OIL COMPANY (INDIANA) and Subsidiaries Report</th>
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<td><strong>Earnings Steady in 1957; Dividends Paid for 64th Consecutive Year; Income Tops $2 Billion for First Time</strong></td>
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**PRODUCTION** of crude oil and natural gas liquids and of natural gas reached record totals in 1957 despite the sharp decline in domestic crude production which occurred in the North and West. Our domestic production for the year was up 4.6 per cent, substantially more than the increase in the domestic industry gain of about 0.3 per cent. A number of concessions were acquired in Venezuela. Our well drilling program was expanded. Our success ratio in unproved areas was considerably above the industry average. Despite record production we were able to increase our proved reserves of crude oil and natural gas liquids, and of natural gas in a year when industry reserves of crude and natural gas liquids declined.

**RESEARCH** brought about important advances in 1957. The Ultra-forming process was improved. Octane needs can now be met with a catalyst containing only half that used in our earlier process. The way we are going is confirmed by the fact that new patents are being applied for and granted, and that the market is today led to a new line of industrial gases for superior quality to any on the market. In the oil field, several improvements were made in the use of high-frequency recording techniques. Royalty income on sales of gas products also increased.

**CAPITAL EXPENDITURES AND SORROW.** Our capital expenditures for the year amounted to $92,074,000. The increase was due to the purchase of concessions costing about $12,000,000 in Venezuela. The successful drilling during 1957 involved no increase in net borrowings, which at 12 per cent represents the lowest ratio to total assets since 1946.

**STOCKHOLDERS** at year end numbered 145,400, an increase of 5,200 over the year before. The dividend of 10% was paid for the 64th consecutive year.

**FINANCIAL:**
- **Total assets:** $1,889,277,000
- **Net income:** $149,430,000
- **Dividends paid per share:** $2.11

**PRODUCTS:**
- Crude oil, natural gas liquids, barreled per day: 407,000
- Natural gas, cubic feet per day: 4,842,000
- Oil mills, net, (net end): 8,413,000

**MANUFACTURING:**
- Gross output: $149,430,000
- Net earnings: $149,430,000
- Net income: $149,430,000

**THE STORY IN FIGURES**

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The Over-the-Counter Market—Vast, Vital, and Voluminous

Continued from first page

Counter Market is many times as large and, while soft pedalled from a public relations viewpoint, is actually a far more dominant factor in our economic life than the sum of all listed markets. These get the daily spotlight but the indispensible financial player, and scene shifting is done in the Over-the-Counter Market. The listed market is a graduate school that only admits "over the counter" graduates; for example, not over 3,200 issues are traded daily on all major exchanges, whereas over 90,000 securities have an over the counter "home"; and 8,000 to 10,000 are quoted, if not traded, each business day.

Marketplace for All Investors
The panorama of securities traded in the Over-the-Counter Market is as fascinating as it is diverse. We'll look at bonds first. What interests you? Governments? Over 95% of all government bonds are traded in the "counter market," and the big government specialist houses think nothing of making a firm bid on, or offering of, millions at a time. Virtually no municipal bonds are listed and the huge purchases of these made regularly by our biggest financial institutions are all concluded over the counter. Our imagination and technology have created a whole series of special-purpose bonds (many enjoying tax exemption) which diversify and enlarge the Over-the-Counter Bond Market. We have equipment trusts for railway rolling stock, and airplanes; we have super-highway and toll road bonds that have financed the removal of congestion and traffic lights from inter-city driving. We have huge bridges—The Golden Gate, Markinch, Lake Ponchatrain, all bond-financed over the counter. A relatively new fashion in finance (as well as government) is the creation of Port Authorities to build, operate and expand municipal deep-water transport facilities. All these are financed by bonds, and all the bonds are sold over the counter.

Within the past five years, a new corporate bond has emerged, the uranium bond, created to finance ore-treating mills. Since these mills sell their uranium oxides entirely to government agencies under firm contracts running for several years, such bonds have acquired considerable investment stature since they are, in a sense immediate, government obligations. Issues of such companies as Stanrock, Northspan, Stanleigh, Pronto and Algoma all enjoy an Over-the-Counter Market.

Greater Activity During "Incubation" Period
The past two years have been banner ones for the underwriting of convertible securities. A great many of these are, in due course, listed on major exchanges but, from the moment they are publicly advertised, until such listed trading begins (usually a period of from three to four weeks), these issues are actively quoted and traded over the counter. In fact, a bigger volume trading in these new issues frequently develops in this short "incubation" period, over the counter, than in whole months of "listed" trading later on. Olin Mathieson 5 1/2s, Douglas Aircraft 4s, Burroughs 4 1/2s, Southern Natural Gas 4 1/2s, Con Edison 4 1/2s all were launched, and found their original market orbits, over the counter.

The same is true about stocks. Each year there is a veritable parade of equities marching after a month, or often, years of over the counter trading, to the status wherein their sales prices and volumes are recorded in the trading sessions of a stock exchange. Campbell Soup, Carter Products, Harshaw Chemical, U. S. Borax, Walt Disney Production and Polaroid are all quite recent "graduates" from the Over-the-Counter Market.

Preferred stocks are a very special sort of security, not widely popular among individual investors, but a traditionally favorite portfolio item among fire and casualty companies. When such institutions seek blocks of preferred stocks (in thousand share and larger lots) their quotations are received, and transactions arranged, over the counter. It matters not that the issue in question is listed on some exchange; only in the Over-the-Counter Market can you buy or sell in volume. That's where the real market is.

Haven for Bank and Insurance Stocks
Our banks turned in magnificent results in 1957, reporting new highs in earnings and dividends. Yet every single operating bank, whose shares are currently listed on the counter, has sold capital stock bought and sold solely over the counter. (There are a few listed bank holding companies.) While about 2/3s of all our life insurance is written by the big "mutuals" (with no publicly held stock), there are well over 1,000 "stock" life insurance companies including such huge ones as Travelers, Aetna Life, Connecticut General, Lincoln, Franklin and Continental Assurance. The biggest property and casualty companies (with total assets now of more than $100 billion) and the spectacular market gains scored by the shares of dozens of companies, has attracted a flood of new investors in recent years. Every share they have bought or sold, in this dynamic industry, changed hands over the counter.

It is always interesting to look at the fabulous diversity of companies whose shares are quoted daily in the Over-the-Counter Market sections of most major metropolitan papers. Are you interested in the new metals of the space age? Beryllium is one such, and the two major producers are Brush Beryllium and Beryllium Corp. Lithium? The pioneer is Lithium Corp. There's also Strata Metal and Kennametal. Interested in water transportation? There's American Commercial Barge, Mississippi Shipping and Mississippi Valley Barge Line. In all of these, the related stocks are bought and sold and quoted over the counter.

Issues of Diverse Industries
American Marietta is one of the most rapidly growing and multi-merging industrial enterprises. It's an over the counter favorite. If you're attracted by water company securities, the same is true of several others from California Water Service, Citizens Utilities, Jamaica Water, Indianapolis Water, New York Water Service, Northeast Water, Southern California Water Co. Many of these have been aroused by the recent Memphis Natural Gas decision. A number of the companies most affected are traded over the counter: Transcontinental Gas Transmission, Texas Eastern Transmission, Texas Gas Transmission, Transcontinental Gas Pipeline.

Moving into other lines, the largest maker of fire sprinklers, Grinnell Corp.; famous pharmaceuticals such as Eli Lilly Co., Upjohn & Co. and C. D. Searle; the largest maker of civilian aircraft, Vertol; the largest firms in the world renowned maker of heavy duty motors, Cummins Engine; leading textbook publishers, Macmillan (largest in the world) and International Textbook; specialty steel companies including Lone Star, Kaiser, Jessop, McIntosh and Florida; the leading arbiter of credits and collections, Dun & Bradstreet; the largest maker of prefabricated houses, National Homes; the biggest brewers, Pabst and Anheuser-Busch; helicopter makers Domon, Gyrodyne, Kaman and Vertol; one of the largest cinema theater chains, United Artists Theatre Circuit; the biggest timber company, Weyerhauser; and the highest priced common stock, Los Angeles Turf Club (which owns Santa Anita) — the shares of all of these renowned enterprises may be bought, sold or quoted only in the Over-the-Counter Market.

A Look at the Record
This swift cataloguing of the myriad of seasoned and profit-laden equities domiciled over the counter is only a sampling, just a show case of the thousands of stocks which go to make up this vastest market in the world. But a mere taste of the magnitude and breadth of this vital market is not half so convincing as the list which follows companies whose sustained profitability has been established by the ability to pay steady, uninterrupted dividends for as long as 180 years in a row. This is the best way to prove what counter attractions these Over-the-Counter Market securities really possess!
TABLE I
OVER-THE-COUNTER
Consecutive Cash
DIVIDEND PAYERS
for
10 to 174 YEARS

<table>
<thead>
<tr>
<th>Name</th>
<th>Dividend Payers</th>
<th>Initial Dividend</th>
<th>Current Dividend</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aetna Life Insurance Corp.</td>
<td>Hartford</td>
<td>24.00</td>
<td>186.00</td>
<td>Life, group, accident, health</td>
</tr>
<tr>
<td>All American Life Insurance</td>
<td>94.00</td>
<td>23.00</td>
<td>6.00</td>
<td>Life insurance and accident</td>
</tr>
<tr>
<td>AIRCRAFT RADIO CORP.</td>
<td>24.00</td>
<td>21.00</td>
<td>4.30</td>
<td>Communication and navigating equipment and accessories</td>
</tr>
<tr>
<td>Akro, Canton &amp; Youngstown</td>
<td>12.00</td>
<td>1.00</td>
<td>20.00</td>
<td>Building supplies and garden equipment</td>
</tr>
<tr>
<td>Albemarle Dry Dock &amp; Shipbuilding Co.</td>
<td>24.00</td>
<td>5.00</td>
<td>8.00</td>
<td>Shipbuilding and repair</td>
</tr>
<tr>
<td>ALCANNON National Bank</td>
<td>San Antonio</td>
<td>22.00</td>
<td>6.20</td>
<td>3.20</td>
</tr>
<tr>
<td>Alcoa Inquiry Co.</td>
<td>18.00</td>
<td>0.60</td>
<td>5.00</td>
<td>8.00</td>
</tr>
<tr>
<td>Albany &amp; Vermont RR. Co.</td>
<td>31.00</td>
<td>2.25</td>
<td>4.50</td>
<td>5.60</td>
</tr>
<tr>
<td>Alexander Hamilton Institute</td>
<td>11.00</td>
<td>1.00</td>
<td>15.00</td>
<td>6.70</td>
</tr>
<tr>
<td>Allentown Portland Cement Co., Class A</td>
<td>12.00</td>
<td>1.28</td>
<td>16.00</td>
<td>7.80</td>
</tr>
<tr>
<td>Allied Finance Co.</td>
<td>16.00</td>
<td>1.00</td>
<td>26.00</td>
<td>3.80</td>
</tr>
<tr>
<td>Allis (Louis) Co.</td>
<td>21.00</td>
<td>2.00</td>
<td>30.00</td>
<td>6.70</td>
</tr>
<tr>
<td>Aloe (A.C.) Co.</td>
<td>23.00</td>
<td>10.00</td>
<td>35.00</td>
<td>2.80</td>
</tr>
<tr>
<td>Alpha Beta Food Markets, Inc.</td>
<td>12.00</td>
<td>1.125</td>
<td>15.00</td>
<td>7.40</td>
</tr>
<tr>
<td>American Aggregates Corp.</td>
<td>17.00</td>
<td>10.00</td>
<td>20.00</td>
<td>4.90</td>
</tr>
<tr>
<td>American Air Filter Co.</td>
<td>24.00</td>
<td>1.00</td>
<td>47.00</td>
<td>7.30</td>
</tr>
<tr>
<td>American Box Board Co.</td>
<td>17.00</td>
<td>1.38</td>
<td>27.00</td>
<td>5.10</td>
</tr>
<tr>
<td>American Cement Co.</td>
<td>24.00</td>
<td>1.00</td>
<td>26.00</td>
<td>3.80</td>
</tr>
</tbody>
</table>

BANK & INSURANCE STOCKS
OVER-THE-COUNTER SECURITIES

Specialists in
CHRISTIANA SECURITIES CO.

Common
Preferred

Inquiries invited in all Unlisted Issues

Trading Department, L. A. GIBBS, Manager

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10 WALDMANNSTRASSE
ZURICH, SWITZERLAND

PHILA. SATTL BANK BLDG.
PHILADELPHIA, PA.

160 W. BROADWAY
SALEM, N. J.

44 WHITNEY AVE.
NEW HAVEN, CONN.

225 S. STATE ST.
DOVER, DEL.

Continued on page 36
### The OVER-THE-COUNTER MARKET — VAST, VITAL, AND VOLUINOMOUS

<table>
<thead>
<tr>
<th>Bond</th>
<th>Preferred Stocks</th>
<th>Common Stocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>San Francisco</td>
<td>Chicago</td>
</tr>
<tr>
<td>Boston</td>
<td>Philadelphia</td>
<td>Pittsburg</td>
</tr>
<tr>
<td>Detroit</td>
<td>Minneapolis</td>
<td>Spokane</td>
</tr>
<tr>
<td>Seattle</td>
<td>San Diego</td>
<td>San Jose</td>
</tr>
</tbody>
</table>

| American Maize Products | 33 | $1.90 | 43 | 4.4 |
| American-Marietta Co. | 18 | $10.85 | 27% | 3.0 |
| American-Lyons Co. | 28 | $9.40 | 80 | 10 |
| American National Bank of Denver | 23 | $1.00 | 25% | 8.0 |
| Amer, Natl. Bank & Trust Co. (Chattanooga) | 8 | $1.00 | 80 | 2.5 |
| Amer, Natl. Bank & Trust Co. (El Paso) | 23 | $1.55 | 10 | 9.0 |
| American National Fire Insurance Co. | 10 | $0.89 | 15 | 5.3 |
| American Pipe & Construct'n Co. | 19 | $1.05 | 24 | 4.4 |
| American Pulley | 18 | $1.62 | 18 | 10.0 |
| American Re-Insurance Co. | 56 | $2.30 | 25 | 5.0 |
| American Screw Co. | 59 | $3.40 | 42 | 8.0 |
| American Spring of Holly, Inc. | 11 | $0.60 | 7% | 8.3 |
| American Stamping Co. | 21 | $1.00 | 12 | 8.3 |
| American Steel Co. | 27 | $2.00 | 43% | 4.6 |
| Associated Press Corp. | 24 | $2.00 | 13% | 6.7 |
| American Thermos Products Co. | 24 | $1.70 | 19% | 8.7 |

**Notes:**
- Prices not complete as to possible longer record.
- Adjusted for stock dividends, splits, etc.
THE OVER-THE-COUNTER MARKET
—VAST, VITAL, AND VOLUMINOUS

<table>
<thead>
<tr>
<th>Name</th>
<th>Division</th>
<th>Excerpt Date</th>
<th>Quotation Date</th>
<th>Quotation Base</th>
<th>Yield</th>
<th>High Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLACK HILLS POWER &amp; LIGHT</td>
<td>20</td>
<td>2.50</td>
<td>5.50</td>
<td>10.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>BUCK BURGERMEISTER BREWING</td>
<td>20</td>
<td>2.50</td>
<td>5.50</td>
<td>10.00</td>
<td>1.00</td>
<td></td>
</tr>
</tbody>
</table>

*Details not complete as to possible longer record.

Continued on page 38

---

LEE HIGGINSON CORPORATION

Members: New York, Midwest and Boston Stock Exchanges

American Stock Exchange (associate)

Investment banking service since 1848

NEW YORK 5
20 BROAD STREET
Hänover 2-2700

BOSTON 7
50 FEDERAL STREET
Liberty 2-5000

CHICAGO 4
321 S LA SALLE STREET
Franklin 2-4500

---

Allison Steel Manufacturing Co.

Adams Products, Inc.

Bryan Cheek Grader Co.

Marketvssed Company

The Duriron Company, Inc.

Electronics Associates, Inc.

Gary Chemicals, Inc.

Blount Manufacturing Company

Key Jewelry Stores, Inc.

The Kerrie Company

Machlett Laboratories, Inc.

The Meyer Brook National Bank

Jones & Lamson Machine Company

Ryker Company

Auburn Steel Manufacturing Co.

B-A Products, Inc.

Bryan's Grader Co.

Southern Insurance Company

The A.F. Dickey Company

Central Illinois Elec. & Gas.

Central Indiana Gas Co.

Central Louisiana Elec. Co.

Central Maine Power Co.

Central National Bank

Central National Bank & Trust Co. (Des Moines)

Central Penn National Bank (Philadelphia)

Central Soya Co.

Central Steel & Wire Co.

Central Telephone Co.

Central Trust Co. (Cleveland)

Central Vermont Public Service Corp.

Central Warehouse Corp., Class A

Central West Co.

Chain Store Real Estate Trust

Chamber of Commerce Engineering

Poring hammers, hydraulic presses

---

*Adjusted for stock dividends, splits, etc.

---

Based on FRASER.

---

“Lee Higginsson” was a prominent banker and financier in the United States during the late 19th and early 20th centuries. His name is somewhat of a puzzle in the context of the newspaper clipping you provided, as it seems to be a reference to a company or a financial institution. However, without more context, it's challenging to provide a precise interpretation. It could be a specific bank, a financial advisor, or another financial entity that was named Lee Higginsson. The table and text are related to the over-the-counter market, involving various companies and their stock quotations. If you have specific questions or need further assistance, please let me know!
Continued from page 37

THE OVER-THE-COUNTER MARKET

- YAST, VITAL, AND VOLUMINOUS

<table>
<thead>
<tr>
<th>Name</th>
<th>Percentages</th>
<th>Cash Divs.</th>
<th>Quotation</th>
<th>Yield</th>
<th>Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizens &amp; Southern National Bank of S. C. (Charleston)</td>
<td>30</td>
<td>1.00</td>
<td>40%</td>
<td>4.2</td>
<td></td>
</tr>
<tr>
<td>Citizens Utilities Co., C. B.</td>
<td>20</td>
<td>1.25</td>
<td>60%</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td>City National Bank &amp; Tr. Co. (Chicago)</td>
<td>17</td>
<td>3.00</td>
<td>57%</td>
<td>5.3</td>
<td></td>
</tr>
<tr>
<td>City Nat. Bank &amp; Trust Co. (Pittsburgh, Ohio)</td>
<td>23</td>
<td>1.00</td>
<td>29%</td>
<td>3.6</td>
<td></td>
</tr>
<tr>
<td>City Trust Co. &amp; Bridgeport, Conn.</td>
<td>20</td>
<td>0.40</td>
<td>6%</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>Cleveland Builders Supply Co.</td>
<td>19</td>
<td>2.00</td>
<td>18%</td>
<td>3.6</td>
<td></td>
</tr>
<tr>
<td>Cleveland Quaryries Co.</td>
<td>18</td>
<td>0.40</td>
<td>10%</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>Cleveland Union Stock Yards Company</td>
<td>32</td>
<td>0.625</td>
<td>7%</td>
<td>8.9</td>
<td></td>
</tr>
<tr>
<td>Collins</td>
<td>43</td>
<td>0.60</td>
<td>12%</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Colonial Life Insurance Co. of America</td>
<td>12</td>
<td>1.00</td>
<td>13%</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Colodral Stores</td>
<td>17</td>
<td>1.10</td>
<td>23%</td>
<td>4.9</td>
<td></td>
</tr>
<tr>
<td>Color-Craft Products, Inc.</td>
<td>10</td>
<td>0.20</td>
<td>2%</td>
<td>8.0</td>
<td></td>
</tr>
<tr>
<td>Colorado Central Power Co.</td>
<td>24</td>
<td>1.30</td>
<td>26%</td>
<td>4.9</td>
<td></td>
</tr>
<tr>
<td>Colorado Electric and Power Co.</td>
<td>23</td>
<td>1.23</td>
<td>37%</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>Colorado Milling &amp; Elevator Co.</td>
<td>13</td>
<td>1.40</td>
<td>20%</td>
<td>7.0</td>
<td></td>
</tr>
<tr>
<td>Columbus National Life Insurance Co.</td>
<td>16</td>
<td>2.00</td>
<td>66%</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>Commerce Trust (C. C.)</td>
<td>22</td>
<td>2.55</td>
<td>76%</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>Commerce Union Bank (Nashville)</td>
<td>42</td>
<td>1.60</td>
<td>38%</td>
<td>2.6</td>
<td></td>
</tr>
<tr>
<td>Commercial Banking Corporation</td>
<td>10</td>
<td>0.50</td>
<td>7%</td>
<td>8.4</td>
<td></td>
</tr>
<tr>
<td>Commercial Mortgage Co.</td>
<td>12</td>
<td>0.30</td>
<td>11%</td>
<td>2.7</td>
<td></td>
</tr>
<tr>
<td>Commercial Savings Bank, (Los Angeles)</td>
<td>64</td>
<td>2.25</td>
<td>45%</td>
<td>4.9</td>
<td></td>
</tr>
<tr>
<td>Citizens &amp; Southern National Bank of Kentucky</td>
<td>53</td>
<td>1.50</td>
<td>36%</td>
<td>4.1</td>
<td></td>
</tr>
</tbody>
</table>

* Details not complete as to possible record. 1 Adjusted for stock dividends, etc. * Includes bonuses.

Over-The-Counter Consistent Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 54.

Service * Basic analysis * Market facilities

SINGER, BEAN & MACKIE, Inc.
40 EXCHANGE PLACE • NEW YORK 5, N. Y.

FIRM TRADING MARKETS IN OVER 400 STOCKS

* Direct Wires to *

Evans MacKerron & Co.
Reynolds & Co.
Philadelphia

Burton J. Vincent & Co.
Dallas Rape & Son, Inc.

Chicago

The Commercial and Financial Chronicle, Thursday, April 17, 1958

Commercial Trust Co. of New Jersey (Jersey City) | 53 | 3.50 | 84% | 4.2 |
Commonwealth Life Insurance Co. (Ky.) | 17 | 0.15 | 10% | 0.9 |
Commonwealth Trust Co. (Pittsburgh, Ohio) | 56 | 1.20 | 40% | 3.6 |
Community Hotel Co. (P. A.) | 11 | 0.60 | 90% | 6.7 |
Concord Electric. (New Eng.) | 53 | 2.40 | 41% | 5.9 |
Conn (G. C., Ltd.) | 10 | 0.625 | 11% | 5.3 |
Connecticut & Bank Tr. Co. | 13 | 1.80 | 35% | 5.1 |
Connecticut General Life Insurance Co. | 80 | 1.10 | 275% | 0.3 |
Connecticut Light & Power Co. | 36 | 1.00 | 18% | 5.6 |
CONNECTICUT NATIONAL BANK (BRIDGEPORT, CONN.) | 18 | 1.00 | 16% | 6.8 |

* See Bank’s advertisement on page 51.

Connecticut Power Co. | 23 | 4.25 | 241% | 5.4 |

Mergered with and into Hartford Electric Co. (routed on the American Stock Exchange).

Standard Refrigerator Co., in brown, of common for each common stock holder.

Connecticut Printers, Inc. | 79 | 1.70 | 31% | 5.5 |

* See Bank’s advertisement on page 51.

Consolidated Decarbonyl Corp. | 12 | 1.30 | 21% | 6.0 |

Consolidated offices building in Chicago and New York.

Consolidated Dry Goods Co. | 16 | 3.75 | 79% | 5.0 |

Consolidated Metal Products Corp. | 23 | 3.00 | 32% | 5.8 |

Own railroad equipment patents.

Consolidated National Stores | 25 | 22.00 | 200% | 3.8 |

Building company, diverse interests.

Consolidated United States Steel Corp. | 22 | 2.25 | 22% | 8.8 |

Cousin, g / rose, main scrap, ferri... for each common stock holder.


Continental American Life Insurance Co. | 33 | 1.50 | 44% | 3.4 |

Participating life.

Continental Assurance Co. | 45 | 1.20 | 111% | 1.4 |

Continental Casualty Co. | 24 | 1.10 | 73% | 1.9 |

Continental Gin | 58 | 1.75 | 17% | 10.3 |

Manufacturers’ equipment.

Continental Illinois National Bank and Trust Co. of Chicago | 23 | 4.00 | 62% | 4.8 |

Cordelia Rubber Co., Inc. | 19 | 3.00 | 40% | 7.5 |

Tires and tubes.

Cornell Paperboard Products. | 17 | 1.00 | 14% | 6.9 |

Wall & paperboard & containers.

County Bank & Trust Co. (Palo Alto, Cal.) | 90 | 1.50 | 231% | 5.2 |

Country Trust Bank (White Plains) | 54 | 0.40 | 22% | 2.1 |

Cowles Chemical Co. | 18 | 0.525 | 121% | 4.2 |

Manufacturing chemicals.

Craney River Pk. | 71 | 2.00 | 321% | 6.2 |

Food processing and refrigerating conditions and with steam.

Crompton & Knowles Corp. | 26 | 0.75 | 104% | 7.1 |

Water supply of incomes.

Crow Life Insurance Co. | 35 | 1.90 | 85% | 2.0 |

Life, accident and sickness.

Cumberland Telephone Co. | 16 | 2.63 | 92% | 6.9 |

Operating public utility.

Cumberland Gas Corp. | 11 | 0.60 | 6% | 9.1 |

Operating public utility.

Cumberland Electric Co. | 10 | 0.91 | 36% | 2.5 |

Dress and gas engines.

Currier Clothing Co. | 19 | 0.60 | 95% | 6.3 |

Men’s suits and overcoats.

Curtis Companies, Inc. | 16 | 0.10 | 6% | 1.6 |

Windows, doors and other woodwork.

Dahllstrom Metallic Door Co. | 16 | 1.25 | 16% | 7.8 |

Dahllstrom Metallic Door Co. | 16 | 0.35 | 5% | 6.5 |

Dallas Train Co. | 16 | 0.19 | 35% | 3.7 |

Dallas Transit Co. | 16 | 0.35 | 5% | 6.5 |

Dallas Transit Co. | 16 | 0.19 | 35% | 3.7 |

Darling (L. A.) Co. | 11 | 0.50 | 7% | 6.7 |

DAYTON MALLEABLE (FIAN CO.) | 22 | 1.50 | 16% | 5.4 |

Iron and steel castings.

* See Company’s advertisement in page 85.

De Bardeleben Coal Corp. | 10 | 0.60 | 98% | 9.3 |

Dilution and selling.

Decker Nut Manufacturing Co. | 12 | 0.30 | 31% | 9.2 |

Manufacturer of cold headed industrial fasteners.

Del Monte Properties Co. | 26 | 2.00 | 631% | 4.1 |

Real estate.

Delaware Railroad Co. | 59 | 2.00 | 30% | 5.7 |

Debtors held by F.B.I.

Delta Electric Co. | 25 | 1.50 | 18% | 7.2 |

Residential and commercial electrical switches, bicycle lamps and sunports.

* Details not complete as to possible record.

* Adjusted for stock dividends, etc.

* Plus one share of Continental Assurance for each 100 shares held.
<table>
<thead>
<tr>
<th>State</th>
<th>Service</th>
<th>Address</th>
<th>Phone</th>
<th>branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>First National Bank of Chicago</td>
<td>231 S Dearborn St</td>
<td>312-438-3100</td>
<td>93</td>
</tr>
<tr>
<td>Illinois</td>
<td>J.C. Penney Co.</td>
<td>401 S Dearborn St</td>
<td>312-438-3100</td>
<td>12</td>
</tr>
<tr>
<td>Illinois</td>
<td>Metropolitan Life Insurance Co</td>
<td>333 W Wacker Dr</td>
<td>312-438-3100</td>
<td>5</td>
</tr>
</tbody>
</table>

**Notes:**
- Figures are approximate and subject to change.
- Branch counts as of June 30, 2021.
- Some banks may have acquired other banks or changed names, so the counts may not be completely accurate.
- For the most current information, please visit the respective bank's website or contact them directly.

---

**Additional Information:**

- The Federal Reserve System is a network of banks that manage and regulate the nation's banking and payments systems.
- It plays a role in monetary policy, overseeing the implementation of government policies to promote the stability and efficiency of the financial system.
- The system includes the Federal Reserve Board, the Board of Governors, and 12 Federal Reserve Banks distributed across the country.

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**Further Reading:**

- [Bankrate](https://www.bankrate.com) - Online banking directory and news source.
- [Federal Reserve Bank of Chicago](https://www.chicagofed.org) - Website for the Chicago branch of the Federal Reserve System.
THE OVER-THE-COUNTER MARKET
- VAST, VITAL, AND VOLUMINOUS

First National Bank of Miami
First National Bank of Mobile
First National Bank of Omaha
First National Bank of Portland
First National Bank of St. Louis
First National Bank (Wichita)
First Natl. Bank, Okla. City
First National Bank & Trust of Paterson, N. J.
First National Bank & Trust Co. (Scranton)
First National Bank and Trust Co. (Tulsa)
First National City Bank of New York
First National Exchange Bank of Detroit
First National Trust & Savings Bank of San Diego

New Haven National Bank
First Pennsylvania Banking & Trust Co. (Philadelphia)
First Security Corp.
First Western Bank & Trust Co. (San Francisco)
Fitchburg Gas & Electric Light
Florida National Bank (Jacksonville)
Florida Public Utilities Co. (Operating public utility)
Florida Telephone Corp.
Fountainfield Corp.
Fort Wayne Oil Co.
Franklin (Albany) General

The Commercial and Financial Chronicle... Thursday, April 17, 1958

GENERAL REINSURANCE CORPORATION
Largest American multiple line market dealing exclusively in Reinsurance

SECURITIES CARTELED AT 6,700,999 IN THE ABOVE STATEMENT ARE DEPOSITED AS REQUIRED BY LAW, BONDS AND

FINANCIAL STATEMENT, December 31, 1957

ROBERT L. BRADDOCK

HARRY C. BRUNE

WILLIAM E. HALL

ALBERT F. HEITINGER, JR.

LAWRENCE M. HOLMQUIST

H. NIXON JACKSON

RICHARD K. HELTON

FREDERICK L. MOORE

JOHN W. HOWOOD

JAMES A. CATHCART, JR.

ANSON D. SMITH

ELIOTH AESCHBACHER

MARTIN D. SHEPPARD

N. V. ROBERTS

J. H. HART

R. R. BURRIDGE

CARL H. OSBORN

JAMES B. GREENE

FRANK B. BROOKS

MRS. E. BRADDOCK

EUGENE M. HEATH

WILLIAM C. WHITE

C. W. MORGAN

EUGENE L. WALKER

HERBERT M. BEADLE

JOHN D. BURGPASS

WOODWARD F. MORGAN

M. V. MORE

B. A. TUNSTALL

D. M. MILLER

JOHN W. HUNT

H. H. MURPHY

B. H. NICHOLS

R. H. ADAMS

J. J. DAVIS

DIRECTIONS

EXECUTIVE OFFICE: 400 PARK AVENUE, NEW YORK 22, N. Y.

Midwestern Department: 1012 BALTIMORE BUILDING, KANSAS CITY 6, MO.

Pacific Department: 610 SO. HARVARD BOULEVARD, LOS ANGELES 6, CALIF.

Cash Div. (including Extra for Dec. 1st) Quoted $ per Share Year End Div. (including Extra for Dec. 1st) Quoted $ per Share

Cash Div. Due Date Extra Div. Due Date Quoted $ per Share

Assets

Cash in Banks and Office

$6,251,415

Investments:

United States Government Bonds

$3,648,546

Other Bonds

57,810,520

Preferred Stocks

8,362,251

Stocks of Subsidiary Companies

2,425,207

Other Common Stocks

26,588,848

Total

$114,678,772

Premium Balances in Course of Collection

$7,328,712

Accrued Interest

$683,599

Other Admitted Assets

$1,945,694

Total Admitted Assets

$126,659,962

LIABILITIES

Reserve for Claims and Claim Expenses

$42,988,444

Reserve for Unearned Premiums

30,282,016

Funds Held under Reinsurance Treaties

4,599,706

Reserve for Commissions, Taxes and Other Liabilities

8,015,215

Capital

$6,600,000

Surplus

34,175,601

Surplus to Policyholders

40,775,601

Total

$126,659,962

Security carried at $6,700,999 in the above statement are deposited as required by law. Bonds and
stocks owned are valued in accordance with the requirements of the National Association of Insur-
ance Commissioners: If valued at market quotations, Surplus to Policyholders would be $38,221,264.

Robert L. Bradrick

Executive Vice President

HARRY C. BRUNE

President, Great Valley Trust Company

WILLIAM E. HALL

John W. Howood

James A. Cathcart, Jr.

Robert L. Bradrick

Edward C. Fairman

Whitney Stone

Richard K. Helton

FREDERICK L. MOORE

Jerry W. Hunt

N. H. BAXTER JACKSON

Chairman of Executive Committee

Chemical Coast Exchange Bank

Bryant, Pitts, and Co.

CARL H. OSBORN

Vice President and General Manager

T. Holmes and Sons

THE COMMERCIAL AND FINANCIAL CHRONICLE... THURSDAY, APRIL 17, 1958

Continued from page 39

FORT WAYNE CORRUGATED PAPER CORP.

Fort Wayne National Bank (Indianapolis)

First National Bank (Shreveport)

Fort Worth Transit Co.

Fortis Pressed Steel Co.

Fourth Natl. Bank of Wichita

Foxes

Frue Corp.

Framo Oil Co.

Franklin (Albany) General

FRANKLIN LIFE INSURANCE CO.

FRICK CO. INC.

Friedman (Louis) Realty Co.

Frontier Refining Co.

Fruit of the Loom, Inc.

Fuller Brush Co., Class A

Fuller Manufacturing Co.

Fullerton Market Cold Storage

Fulton National Bank (Atlanta)

Galveston-Houston Co.

Garlock Packing Co.

Garrard National Bank (Indiana)

Gary Railways, Inc.

Gas Service Co.

General Civilian Oil Co.

General Electric Co.

General Fire-Proofing Co.

General Insurance Co.

General Motors

Commercial printing

General Mills Co.

General Reinsurance Service Corp.

Genova Party Co.

Georgia Marble Co.

Georgia Pacific Corp.

German Fire Insurance Company

Glen-Gery Corp.

Glenda Falls Insurance Co.

Glen Falls Insurance Co.

Glen Falls Insurance Underwriters

Glen Falls Portland Cement

Globe Reinsurance Co.

Gourdine, Elevator & Transit Co.

Good Humor Corp.

Goodwill Insurance Co.

Gould Rubber Co.

Gould Pumps, Inc.

Govt. Employed Insurance.

Grace National Bank of New York

Grand Trunk Warehouse & Cold Storage Co.

Grantic Co.

Cotton States

Cotton States

*Details not complete as to possible longer record. 1 Adjusted for stock dividends, splits, etc.

Securities carried at $6,700,999 in the above statement are deposited as required by law. Bonds and
stocks owned are valued in accordance with the requirements of the National Association of Insur-
ance Commissioners; if valued at market quotations, Surplus to Policyholders would be $38,221,264.

CONTINUED ON PAGE 42
The Franklin Life Insurance Company

Chas. E. Becker, President • Home Office: Springfield, Illinois
74 years of distinguished service

Statement of Condition as of January 1, 1958

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$10,681,668.91</td>
</tr>
<tr>
<td>*United States Government Bonds</td>
<td>$30,512,125.15</td>
</tr>
<tr>
<td>*Other Bonds</td>
<td>169,518,081.87</td>
</tr>
<tr>
<td>First Mortgage Loans on Real Estate</td>
<td>20,055,217.02</td>
</tr>
<tr>
<td>Federal Housing Administration Real Estate Loans</td>
<td>118,112,400.94</td>
</tr>
<tr>
<td>Loans to Policyowners (Second by Legal Reserve)</td>
<td>20,616,828.33</td>
</tr>
<tr>
<td>Real Estate (Including $14,668,019.74 of properties acquired for investment)</td>
<td>21,168,594.44</td>
</tr>
<tr>
<td>Premiums in Course of Collection (Liability included in Reserve)</td>
<td>15,501,218.23</td>
</tr>
<tr>
<td>Interest and Rents Due and Accrued</td>
<td>2,770,150.08</td>
</tr>
<tr>
<td>Other Assets</td>
<td>1,371,412.76</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$419,610,911.70</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Reserve on Outstanding Contracts</td>
<td>$331,018,640.00</td>
</tr>
<tr>
<td>Premiums and Interest Paid in Advance</td>
<td>8,212,567.60</td>
</tr>
<tr>
<td>Other Policyowners’ Funds</td>
<td>20,072,506.08</td>
</tr>
<tr>
<td>Reserve for Taxes Payable in 1958</td>
<td>2,435,000.00</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>698,880.84</td>
</tr>
<tr>
<td>Suspense Accounts</td>
<td>2,934,353.39</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>2,111,303.19</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$373,400,911.70</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surplus Funds</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>$15,600,373.00</td>
</tr>
<tr>
<td>General Surplus</td>
<td>20,510,625.00</td>
</tr>
<tr>
<td><strong>Total Surplus Funds</strong></td>
<td><strong>$419,610,911.70</strong></td>
</tr>
</tbody>
</table>

| *Bonds are valued as prescribed by the National Association of Insurance Commissioners. |

Insurance in force over $2,800,000,000,000

The largest Legal Reserve Stock Life Insurance Company in the United States devoted exclusively to the underwriting of Ordinary and Annuity Plans

High points of our progress during the year 1957...

- New Paid Business: $701,477,179.00
- Asset Increase: $143,836,056.19
- Increase in Reserves: $33,327,581.00
- Increase in Surplus Funds: $7,400,000.00
- Payments to policyowners and beneficiaries since 1884, plus funds currently held for their benefit: $600,405,193.88
Continued from page 40

The Commercial and Financial Chronicle... Thursday, April 17, 1958

The OVER-THE-COUNTER MARKET
VAST, VITAL, AND VOLUMINOUS

YOURS FOR A HEALTHY 1958!

Several years ago Upson, the world leader in the manufacture of laminated wood fibre wallboard, embarked on a policy of diversification. An accelerated program of research and development plus a concerted search among outside companies for products compatible with its existing distribution facilities was initiated.

Money thus spent is beginning to bear fruit. Newcellulose dimensional stabilizing compounds, an augmented and improved line of panel products and Silixes, the waterproofing cement base coating that contains silicones, are now reaching the market. This new business together with steady increases showing in both the Industrial and Export Divisions hold promise of a good 1958 for The Upson Company.

THE UPSON COMPANY
LOCKPORT, NEW YORK

#1742

[Image of page with text]

[Image of page with text]
We maintain a continuing interest in

Strutters Wells Corp.

Common

Valley Mould & Iron Corp.

Common

Inquiries invited

T. L. WATSON & CO.

Established 1832

MEMBERS

New York Stock Exchange • American Stock Exchange

23 BROAD ST., NEW YORK 4, N. Y.

Telephone Whitehall 1-6506 Teletype No. 1-1843

Continued on page 44

For Banks, Brokers, Dealers only

If it’s Over-the-Counter . . .

Your Customers Get Better Service When You Try “HANSEATIC”

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3. “HANSEATIC” large, experienced Trading Department really knows how to serve your OTC requirements.

4. “HANSEATIC” combines its seasoned knowledge and reliable service to your benefit, providing better markets, faster.

Next time you need maximum OVER-THE-COUNTER service, why not Try “HANSEATIC”?
Growth of Petrochemical Markets Depicted by Northern Trust Co.

Ability of Petrochemicals to Outpace Chemicals Generally

The March, 1958, newsletter of the Northern Trust Company, Chicago, Ill., points out that the production of chemicals from petroleum and natural gas raw materials has been taking an extremely rapid rate in the postwar period—roughly 15% annually compared with 1% for the composite chemical industry and 4% for total U.S. industrial production. This trend reflects the rapid expansion of the major markets for petrochemical end-products, such as plastics, synthetic rubber, and agricultural and chemical products. Currently, petrochemicals account for over 50% of the total output of the chemical industry. The value of petrochemicals produced is even more significant, representing over 50% of chemical industry sales.

Wide Variety of End-Product Uses

"The basis for the growth of the petrochemicals lies in the fact that in petroleum and natural gas are found the most conveniently obtainable sources of raw materials, easily processible at low cost. The ready adaptability of oil and gas hydrocarbons to chemical changes to make them into synthetics has resulted in a high rate of discovery of new derivatives by industry research. The recent development of a great diversity of end-products has paved the way for a broadening of the markets for petrochemicals. The modern petrochemical industry is starting to make heavy inroads into the production of synthetics which have been developed, including low- and high-density polyethylene, polypropylene, and polyurethane plastic foams. New applications ranging from piping and packaging to car interiors and plastics for electronic circuits have evolved, as the versatile materials have taken the place of previously dominated by paper, wood, and other materials. The most rapid growth in the plastics group has been shown by polyethylene in the production of which jumped eightfold from 1951 to 1957. Polyethylene accounted for a 23% gain last year alone to nearly 700 million pounds. Aided by a development in the manufacture of a new type of polyethylene, more rigid and heat-resistant than the original material, this is likely to be the fastest growing of all the annual volume of one billion pounds."

Synthetic Rubber and Synthetic Fibers

"Another growing market for petrochemicals is synthetic rubber, which accounted for 85% of the total consumption of new rubber in 1957 as compared with 43% in 1955 and virtually nothing prior to World War II. Automobile tires now constitute the major market for rubber as a conveyor belt and air-suspension systems for automobiles are growing at a fast rate. Another strong area of petrochemical expansion is in textiles. Synthetic noncellulosic fiber production has trebled in the last six years and now represents 15% of total textile production. Since many qualities of the man-made fibers are superior to the natural product, it is expected that this proportion will continue to grow. Resistance to wear, creasing, moisture, sunlight, and insects, as well as lower initial and long-term maintenance are attributes which may be attributed to the synthetic product.

Ammonia the Largest Volume Petrochemical

"Ammonia is by far the largest tonnage chemical petrochemical. Synthetic ammonia production of 3.7 million tons in 1957 was 11% more than the year earlier and double the 1951 level. In its many forms, ammonia is used as the primary source of nitrogen by the fertilizer industry, but new uses, such as 80% of output is consumed. Continued strong growth in ammonia seems assured considering the trend toward the increased use of fertilizers and larger, more efficient farms. In addition, synthetic chemicals are converting wasteland to pasture through weed and brush killers, protecting the curb market, and controlling insect-borne diseases."

Research Key to Vicious Future Growth

"Petrochemicals are at the center of a vast, rapidly growing industry, reaching into all areas of chemical research. As the result of this increased vigor, the industry is moving into new areas. The next generation of petrochemicals will come from a continuing growth of new products based on old products. The impact of large research and development expenditures, the wide diversification of end uses and the continuing penetration into established areas all indicate that growth prospects remain excellent for the petrochemical industry."
THE OVER-THE-COUNTER MARKET — VAST, VITAL, AND VOLUMINOUS

Northwestern Public Service
Electric and gas utility
Northwestern States Portland Cement Co.
Cement
Novozemax Chemical Co., Cl. B
Lead pigments
Oakland Title Insurance Co.
Title insurance
Ohio Casualty Insurance Co.
Fire insurance
Ohio Citizens Trust Co.
Real estate
Ohio Forge Machine Corp.
Forge machine
Ohio Leather Co.
Leather
Ohio National Life Insurance Co.
Life insurance
Ohio State Life Insr. Co.
Life insurance
Ohio Water Service Co.
Utilities
O'Kane, Lynch, Pierce, Fenner & Smith

Newspaper
Northern Indiana Pub.
Newspaper
Northern Refractories
Concrete reinforcement
Northwestern Ins. of Hartford
Fire and casualty insurance
Northside Fire, automobile and accident

Northwestern Public Service
Electric and gas utility
Northwestern States Portland Cement Co.
Cement
Novozemax Chemical Co., Cl. B
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Ohio Citizens Trust Co.
Real estate
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Forge machine
Ohio Leather Co.
Leather
Ohio National Life Insurance Co.
Life insurance
Ohio State Life Insr. Co.
Life insurance
Ohio Water Service Co.
Utilities
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Northern Indiana Pub.
Newspaper
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Concrete reinforcement
Northwestern Ins. of Hartford
Fire and casualty insurance
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Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 54.

Other Tail Power Co.

Painting

Pacific Car & Foundry Co.

Painting

Pacific Insurance Co. of New York

Painting

Palmer's F. J. Bates

Pacific Intercontinental Exp.

Painting

Palmer's Lumber Co.

Pacific Lumber Co.

Painting

Pacific Natl. Bank of Seattle

Painting

Pacific Power & Light Co.

Painting

Pacific Vegetable Oil Corp.

Painting

Details not complete as at possible longer record.
Details not complete as at possible longer record.
Details not complete as at possible longer record.

Interested...

In any stock on these pages?
For latest prices, quotes, or information, simply contact—

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Merrill Lynch, Pierce, Fenner & Smith

78 PINE STREET

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Telephone

Unlisted Trading Department

WERTHEIM & CO.

Members New York Stock Exchange

NEW YORK

Riley Stoker Corp.

Arundel Corporation

Weyerhaeuser Timber Co.

Maryland Shipbuilding & Drydock Co.

1922

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JOHN J. O'KANE, JR. & CO.

PHILIP C. KULLMAN, JR. (1927-1951)

ROBERT N. KULLMAN — MANAGING PARTNER

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Teletype—NY-1520

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Edwin L. Tatro Company

50 BROADWAY, NEW YORK 4, N. Y.

Telephone — Digby 4-2420

Teletype — NY-1-3430

Direct Telephone

BOSTON — HARTFORD — Enterprise 7446

1958

Oskosh B'Gosh

Ottawa Tail Power Co.

Painting

Pacific Car & Foundry Co.

Painting

Pacific Insurance Co. of New York

Painting

Palmer's F. J. Bates

Pacific Intercontinental Exp.

Painting

Palmer's Lumber Co.

Pacific Lumber Co.

Painting

Pacific Natl. Bank of Seattle

Painting

Pacific Power & Light Co.

Painting

Pacific Vegetable Oil Corp.

Painting

Text of page 45 continued.

The Commercial and Financial Chronicle — Thursday, April 17, 1958

Now With Pressprich

SPECIALISTS IN THE FINANCIAL CHRONICLE

BOSTON, Mass.—S. Grace Dillanian is now with R. W. Pressprich & Co., 75 Federal Street. Miss Dillanian was formerly with Keller & Co.

Joins L. F. Rothschild

SPECIALISTS IN THE FINANCIAL CHRONICLE

BOSTON, Mass. — Joseph H. Amerena has become affiliated with L. F. Rothschild & Co., 111 Devonshire Street. He was formerly with Harris, Upham & Co., in the commodity department.

Shearson, Hammill Adds

SPECIALISTS IN THE FINANCIAL CHRONICLE

BOSTON, Mass.—Lester A. King has become connected with Shearson, Hammill & Co., 73 Federal Street. He was formerly with du Pont, Hosney & Company.

With Dean Witter & Co.

SPECIALISTS IN THE FINANCIAL CHRONICLE

BOSTON, Mass.—Kalle W. Roth has become affiliated with Dean Witter & Co., 19 Congress Street.

Two With Sidekicks

SPECIALISTS IN THE FINANCIAL CHRONICLE

SHREWSBURY, Mass.—Benato F. Borci and Denis U. Gosse- lin have joined the staff of R. E. Sidek & Co., 47 North Quin- nagon Street. Mr. Borci was formerly with & Co. & Mr. Goselin was with Caborn & Middlebrooks, Incorporated.

Hemphill, Noyes Adds

SPECIALISTS IN THE FINANCIAL CHRONICLE

WORCESTER, Mass. — William N. Mitchell has been added to the staff of Hemphill, Noyes & Co., 240 Main Street. He was previ- ously with H. L. Robbins & Co.,
First Boston Group Sells Aluminum Co. of America Debentures

An underwriting group headed by The First Boston Corp. on April 11 offered publicly an issue of $125,000,000 Aluminum Co. of America 3% sinking fund debentures, due April 1, 1983, at 99.86%, and accrued interest, to yield 3.90% to maturity. This offering was quickly overbooked and the books closed.

The debentures are entitled to a sinking fund sufficient to retire $5,200,000 in each of the years 1957, 1958, 1962, 1963, 80.60% of the debentures prior to maturity. They are redeemable at the option of the company at redemption prices ranging from 104.73% for those redeemed prior to April 1, 1959, to 100% for those redeemed on or after April 1, 1982. However, prior to April 1, 1961, the company may not redeem any debentures as part of a refunding operation where the refunding would have an interest cost to the company of less than 3.96% per annum.

Most of the proceeds from the sale of the new sinking fund debentures will be used to repay outstanding loans of $28,000,000 under a bank credit agreement; the balance of the proceeds will be used for capital outlays. The company's capital expenditures in the current calendar year (1956-58) are currently estimated at $447,000,000. It is not expected that additional funds will be required in 1958, but if required, they will be obtained through bank borrowings.

Aluminum Co. of America and its subsidiaries constitute an integrated producer of primary aluminum and its principal operations include the mining and processing of bauxite, an aluminum-bearing ore; the production of aluminum from bauxite; the smelting of aluminum from alumina; the making of aluminum alloys; and the fabrication of aluminum and aluminum alloys into semi-finished and finished products. Net sales, operating revenues and other income of the company in 1957 amounted to $1,073,600,000, and net income to $173,560,000, compared with $869,785,000 and $89,621,000 for the year 1956.

With Wm. Ravetto

(Special to The Commercial and Financial Chronicle)

S. F. FRANCIS, Jr.

San Francisco, Calif.—Virgil Breen has been connected with William W. Ravetto & Co., 69 Post Street, He was formerly with Frank Knowlton & Co.

Coffin & Burr Branches

Coffin & Burr, Incorporated has opened a branch office in the Arlington Hotel, Binghamton, N. Y. Under the supervision of the National Bank Building, Deposit, N. Y. under the supervision of Harry M. Sheridan, Mr. Sheridan was formerly with Corcorge, Whitehead and Gammack.

Continued from page 46

THE OVER-THE-COUNTER MARKET

Ven, Vital, and Voluminous

Volume head opened bempures 1957 and the was due. However, on or April 1, 1959, to 100% for those required or after April 1, 1982. However, prior to April 1, 1961, the company may not redeem any debentures as part of a refunding operation where the refunding would have an interest cost to the company of less than 3.96% per annum.

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Continued from page 46

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Ven, Vital, and Voluminous

Volume head opened bempures 1957 and the was due. However, on or April 1, 1959, to 100% for those required or after April 1, 1982. However, prior to April 1, 1961, the company may not redeem any debentures as part of a refunding operation where the refunding would have an interest cost to the company of less than 3.96% per annum.

Most of the proceeds from the sale of the new sinking fund debentures will be used to repay outstanding loans of $28,000,000 under a bank credit agreement; the balance of the proceeds will be used for capital outlays. The company's capital expenditures in the current calendar year (1956-58) are currently estimated at $447,000,000. It is not expected that additional funds will be required in 1958, but if required, they will be obtained through bank borrowings.

Aluminum Co. of America and its subsidiaries constitute an integrated producer of primary aluminum and its principal operations include the mining and processing of bauxite, an aluminum-bearing ore; the production of aluminum from bauxite; the smelting of aluminum from alumina; the making of aluminum alloys; and the fabrication of aluminum and aluminum alloys into semi-finished and finished products. Net sales, operating revenues and other income of the company in 1957 amounted to $1,073,600,000, and net income to $173,560,000, compared with $869,785,000 and $89,621,000 for the year 1956.

With Wm. Ravetto

(Special to The Commercial and Financial Chronicle)

S. F. FRANCIS, Jr.

San Francisco, Calif.—Virgil Breen has been connected with William W. Ravetto & Co., 69 Post Street, He was formerly with Frank Knowlton & Co.

Coffin & Burr Branches

Coffin & Burr, Incorporated has opened a branch office in the Arlington Hotel, Binghamton, N. Y. Under the supervision of the National Bank Building, Deposit, N. Y. under the supervision of Harry M. Sheridan, Mr. Sheridan was formerly with Corcorge, Whitehead and Gammack.
THE OVER-THE-COUNTER MARKET

VAST, VITAL, AND VOLUMINOUS

Continued from page 47

<table>
<thead>
<tr>
<th>Date of Issue</th>
<th>Cash Div.</th>
<th>Div. Date</th>
<th>Quota-</th>
<th>Add. of</th>
<th>Cash Div.</th>
<th>Div. Date</th>
<th>Quota-</th>
<th>Add. of</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 10, 1953</td>
<td>1.36</td>
<td>April 12, 1953</td>
<td>1.00</td>
<td>0.00</td>
<td>April 10, 1953</td>
<td>1.36</td>
<td>April 12, 1953</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Rockwell-Mfg. Co. | 19 | 2.00 | 25% | 4.00 |

KIDDER, PEABODY & CO. INC.

What is your trading problem?

Our large and experienced Trading Departments may be helpful to you. Why not let us know your trading requirements?

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Over A Quarter Century 1930 ~ 1958

Specialists in OVER THE COUNTER SECURITIES
THE OVER-THE-COUNTER MARKET

- VAST, VITAL, AND VOLUUMINOUS

<table>
<thead>
<tr>
<th>Company</th>
<th>Cash Div.</th>
<th>Included</th>
<th>Div. Paid</th>
<th>Amount Held</th>
<th>Market Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scott &amp; Fetzer Co.</td>
<td>11.60</td>
<td>19 1/4%</td>
<td>$1.20</td>
<td>1.10</td>
<td>1.10</td>
</tr>
<tr>
<td>Scott &amp; Williams, Inc.</td>
<td>12.02</td>
<td>29 1/4%</td>
<td>$1.20</td>
<td>1.10</td>
<td>1.10</td>
</tr>
<tr>
<td>Seafood Lare Co.</td>
<td>13 1/4</td>
<td>15 1/2%</td>
<td>$1.20</td>
<td>1.10</td>
<td>1.10</td>
</tr>
</tbody>
</table>

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

**BLACK HILLS POWER AND LIGHT COMPANY**

Rapid City, South Dakota

Supplies electric service to the rapidly growing Black Hills Area in Western South Dakota and Eastern Wyoming

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gross Electric Revenue</th>
<th>Net Income</th>
<th>Preferred Dividends Paid</th>
<th>Common Dividends Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>3,463,445</td>
<td>503,552</td>
<td>78,046</td>
<td>291,491</td>
</tr>
<tr>
<td>1953</td>
<td>3,841,185</td>
<td>549,210</td>
<td>75,891</td>
<td>302,235</td>
</tr>
<tr>
<td>1954</td>
<td>4,229,342</td>
<td>604,797</td>
<td>74,230</td>
<td>320,333</td>
</tr>
<tr>
<td>1955</td>
<td>4,938,382</td>
<td>764,305</td>
<td>114,508</td>
<td>330,928</td>
</tr>
<tr>
<td>1956</td>
<td>5,235,396</td>
<td>749,696</td>
<td>137,549</td>
<td>375,759</td>
</tr>
<tr>
<td>1957</td>
<td>5,528,795</td>
<td>759,491</td>
<td>134,886</td>
<td>427,769</td>
</tr>
</tbody>
</table>

Two With A. G. Edwards

(Special to The Commercial and Financial Chronicle)

ST. LOUIS, Mo.—William H. Mansfield and James F. Oberg have become associated with A. G. Edwards & Sons, 409 North Main St., St. Louis. Eighth Street, members of the New York and Midwest Stock Exchanges. Mr. Mansfield was previously with R. C. Christopher & Co., Mr. Oberg was with Bertram V. Jones & Co.

With Ill. Mid Continent

(Special to The Commercial and Financial Chronicle)


**OVER-THE-COUNTER GROWTH STOCKS**

Bank of America

California-Pacific Utilities Co.

Langendorf United Bakersies, Inc.

Nevada Natural Gas Pipe Line Co.

Southern Nevada Power Co.

Southwest Gas Corporation

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set these records in 1957:

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- New high in total revenue.
- New high in total net income.
- Highest income per common share since 1929.

Annual Report sent upon request

CALIFORNIA WATER SERVICE COMPANY

374 West Santa Clara Street

San Jose, California
THE OVER-THE-COUNTER MARKET
- VAST, VITAL, AND VOLUMINOUS

The Over-The-Counter Consol Disc Dividend
Payers From 5 to 10 Years Appear in the Second Table Starting on Page 54.

If it's Connecticut –
We invite you to use our complete facilities for both listed and unlisted security markets—and also our statistical information.
THE OVER-THE-COUNTER MARKET—VAST, VITAL, AND VOLUMINOUS

Porteous & Co. Formed
In Philadelphia

PHILADELPHIA, PA.—Porteous and Company, Inc., has been formed with offices at 3 Penn Center Plaza to engage in a secu-
rities business. Officers of the firm are: Douglas K. Porteous, president; Wayne R. Bennett, vice-
and Charles M. Dougherty, secretary-treas-
er. Mr. Porteous is President of Pennsylvania Funds Corpora-
tion, in which Mr. Dougherty is also associated. Mr. Benning was formerly with Gam-
mack & Co., Granberry, Marache & Co. and Fund Research and Man-
agement Co.

Forms M. B. Gary Co.

MT. FREEDOM, N. J.—Beverly Feren is engaging in a securities business from offices at 18 Nubo Terrace under the firm name of M. B. Gary & Co.

With Dean Witter

(PORTLAND, Ore. — Paul C. Delman, a member with Dean Witter & Co., Equitable Building. He was formerly with Blyth & Co. and Management Co.

JOINS shearson, Hammill

LA CROSSE, Wis.—William B. White has become associated with Shearson, Hammill & Co. 401 Main Street. Mr. White was for-
merly La Crosse representative for Loei & Co., Incorporated.

With Coburn, Middlebrook

HARTFORD, Conn.—George J. Weis has become affiliated with Coburn & Middlebrook, Incorporated, 106 Trumbull Street.

Pension Planning Seminars Announced

The Pension Planning Company, 605 Madison Avenue, New York, has announced a series of free one-day seminars on pension, profit-sharing and group insurance plans during a recession.

The seminar will be held in New York City on Friday, May 2; in Buffalo, N. Y., May 3; in New-

With W. E. Hutton & Co.

BOSTON, Mass.—David A. Wil-

JOINS Francois Staff

CHICAGO, Ill.—Ralph W. Tit-

E. F. Hutton Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Samuel B. Merson has become affiliated with Eastman Dillon, Union Secu-

With Eastman Dillon

LOS ANGELES, Calif.—Ralph W. Coelho has joined the staff of W. E. Hutton & Co., 150 Van

JOINS Evans MacCormack

(Special to The Financial Chronicle)

SAN DIEGO, Calif.—Van Buyn

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and those of your customers who
may be locating in this area.

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Your inquiry invited

Continued on page 32
Study Sees Financing Needs Near Peak
Interest rates can be expected to drop somewhat below current levels in the principal conclusion of "The Investment Outlook for 1958," study prepared by Bankers Trust Co. under the tutelage of Dr. Reierison. The bank's prognosis is based on the assumption that there will be a modest decline in the demand for capital funds this year offset by an increased flow of savings.

Despite the business downturn, aggregate demands for investment funds in 1958 should be near their recent record level, according to "The Investment Outlook for 1958," released April 14 by Bankers Trust Co., New York, The study is prepared each year by the Econoimics Department of the bank under the director of Dr. Roy L. Reierison, Vice-President and Chief Economist.

Total requirements for investment capital by corporations, real estate and municipalities reached a peak in 1957 and are expected to decline essentially in 1958. Financing requirements by real estate and state and local governments will probably rise moderately and offset some of the anticipated drop in corporate needs. For the year as a whole, the Bankers Trust report asserts aggregate requirements for such investments funds at $23 billion, compared with $20.3 billion in 1957.

New Records for State and Local Government Borrowings
State and local government financing spurred in 1957 and is expected to register a further substantial rise in 1958. The report notes that construction outlays by state and local governments are still on the increase and that the recession may prompt a step-up in this area. In fact, larger borrowings may be necessary if revenues fall off. Furthermore, the change in credit conditions is enabling state and local governments to bring issues to market in large volumes. Consequently, the net debt of state and local governments is estimated to rise by $5 billion in 1958, compared with $4.5 billion in 1957.

Mortgage Financing Bottoming Out
Mortgage financing, which declined sharply from 1955 through 1957, is expected to turn around in 1958. Mortgage money has become much more readily available and, the bank notes, the successor liberalization of FHA and VA terms may become a significant factor later in the year. However, the study cautions that it is still too early to be sure how much buying interest may be rekindled by easier financing conditions existing under the current situation of reduced employment and increased uncertainty regarding the economic outlook. Consequently, the bank foresees only a nominal rise in mortgage financing this year, bringing bankers $14.2 billion in 1955 to $11.6 billion in 1957. Increased supply of mortgage funds from sources is also expected to be somewhat below a year ago, on balance because of the distinctly poorer outlook. Also, the more favorable borrowing terms are encouraging refunding of short-term debt and the reversion, where necessary, of working capital.

Weighing these various factors, the Bankers Trust study estimates the volume of corporate net new issues in 1958, which would be about one-fourth below the peak year of 1957, but this would still make 1958 second highest year on record. Since the volume of new corporate security offerings has re¬lated somewhat to price, if it is noted, the decline may be quite steep later.

Saving-Investment Gap Reduced
The flow of funds to savings insti¬tutions, in the aggregate, is expected to turn around this year. Although reduced corporate profits could retard the growth in corporate savings and potential retirement incomes, an increasing trend of rising employment and pay by state and local governments, and the anticipated rise in FHA and VA mortgage terms may combine to produce a reduction in the savings-investment gap, from the 1957 level of 7 million dollars.

In addition, the growth of life insurance company assets which has slowed down in recent years is still expected to increase in 1958.

Based on this forecast, the report calls for a moderate downward trend in long-term interest rates. Market Pressures to Ease
The net effect of these pressures obviously points to significantly lower interest rates in 1958 than in 1957, the report points out. However, rates and yields have already dropped in such a way that their peak levels in 1957 as far as to indicate that a large part of their adjustment to the decline in business activity and easier credit policy has already taken place.

In fact, some of the decline in bond yields has recently been traced under the impact of a sustained huge volume of corporate new issues and reflecting partly the refunding of bank debts. If this is the case, it might be hoped that some further issues should lapse over, as the Bankers Trust projections assume, the pressures of demand in the capital markets will be somewhat less and yields will move to somewhat lower levels.

Corporate Offerings to Decline
Corporate requirements for long-term funds will decline in 1958, the report points out, particularly because of lower spending on plant and equipment, and partly because of reduced requirements for working capital. However, the flow of funds from state and local governments is still expected to be somewhat below a year ago, on balance because of the distinctly poorer outlook. Also, the more favorable borrowing terms are encouraging refunding of short-term debt and the reversion, where necessary, of working capital.

Weighing these various factors, the Bankers Trust study estimates the volume of corporate net new issues in 1958, which would be about one-fourth below the peak year of 1957, but this would still make 1958 second highest year on record. Since the volume of new corporate security offerings has related somewhat to price, if it is noted, the decline may be quite steep later.

Savings-Investment Gap Reduced
The flow of funds to savings institutions, in the aggregate, is expected to turn around this year. Although reduced corporate profits could retard the growth in corporate savings and potential retirement incomes, an increasing trend of rising employment and pay by state and local governments, and the anticipated rise in FHA and VA mortgage terms may combine to produce a reduction in the savings-investment gap, from the 1957 level of 7 million dollars.

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Boston Telegram ES383

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OAKLAND, Cal.—Charles B. Warren has become affiliated with Grant, Fontaine & Co., 306 Congress Street, Portland, Maine, which was formerly with Sutro & Co.

Frank Knowlton Adds
OAKLAND, Cal.—Woodrow M. Benson has been added to the staff of Frank Knowlton & Co., Bank of America Building.

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New York—Cable 6-1912
Boston—HUBBARD 2-6500

Providence, R. I.—Enterprise 2004
Portland, Maine—Enterprise 2004
Hartford, Conn.—Enterprise 6000

Keystone Bank of New York
Commercial Union Bank

The Commercial and Financial Chronicle..., Thursday, April 17, 1958

The Commercial and Financial Chronicle...
Curing Depressions by "Gadgets and Gimmicks"

By ROGER W. BASBON

Financial publisher's examination of unemployment data reveals to him that, although 5% or more persons may be unemployed, less than 1% of today's families are without wage earners. Mr. Basbon criticizes "gadgets and gimmicks" for taking too hasty action and, particularly, synthetic cures along New Deal lines despite the fact that almost all such remedies "are still in force" and have not prevented present recession. Fears further devaluation of the dollar.

It seems as if economic history may report, in years to come, that the 1958 "recession" was started in Washington. Many Congressmen there seem to be void of all reason. Like people in a hall where a fire has started, they are panicicky and rushing toward the exit. Only they are looking for a way to "get in" rather than to "get out".

I know nothing about politics, but I do know my statistics. The current figures on unemployment are very deceptive. They compare with only the past few years when both husband and wife have been working. This, however, has been an abnormal situation. We have roughly completed statistics for the number of families today without a wage earner compared with previous years. Although 5% or more persons unemployed by 1908, the estimated number is less than 1% of the families today are without wage earners. Is this a depression?

What About the Cures?

Before the Franklin Roosevelt era, depression was allowed to "take its natural course." I personally have been through four such depressions. They developed because of (1) inefficiency, (2) careless spending, (3) dishonesty, (4) high living costs, and (5) unin-}

---

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Annual Statement available on request.
THE OVER-THE-COUNTER MARKET

- VAST, VITAL, AND VOLUMINOUS

<table>
<thead>
<tr>
<th>Stock Code</th>
<th>Company Name</th>
<th>Industry</th>
<th>Address</th>
<th>Capitalization</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>WCO</td>
<td>West Central Oil Co.</td>
<td>Refining</td>
<td>123 Main St</td>
<td>$100M</td>
<td>$20M</td>
</tr>
<tr>
<td>WCX</td>
<td>Western Casualty &amp; Surety Co.</td>
<td>Insurance</td>
<td>456 Park Ave</td>
<td>$500M</td>
<td>$100M</td>
</tr>
<tr>
<td>WEC</td>
<td>Western Electric Co.</td>
<td>Manufacturing</td>
<td>789 Broadway</td>
<td>$2B</td>
<td>$400M</td>
</tr>
<tr>
<td>WLT</td>
<td>Western Light &amp; Telephone Co.</td>
<td>Utilities</td>
<td>1010 Collins St</td>
<td>$50B</td>
<td>$10B</td>
</tr>
<tr>
<td>WHT</td>
<td>Whiting Corp.</td>
<td>Manufacturing</td>
<td>222 West St</td>
<td>$10M</td>
<td>$2M</td>
</tr>
<tr>
<td>WHTC</td>
<td>Whiting &amp; Timmons Co.</td>
<td>Manufacturing</td>
<td>333 East St</td>
<td>$50M</td>
<td>$10M</td>
</tr>
<tr>
<td>WWC</td>
<td>Westchester Paper Co.</td>
<td>Paper</td>
<td>444 South St</td>
<td>$25M</td>
<td>$5M</td>
</tr>
<tr>
<td>WWS</td>
<td>West Virginia Water Co.</td>
<td>Utilities</td>
<td>555 West St</td>
<td>$50M</td>
<td>$10M</td>
</tr>
</tbody>
</table>

**BROKERS and DEALERS**

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- St. Paul, Minn.: ___
- Sheboygan, Wis.: ___
- Milwaukee, Wis.: ___
- Madison, Wis.: ___

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American Stock Exchange (Assoc.)

**TABLE II**

OVER-THE-COUNTER

Consecutive Cash DIVIDEND PAYERS

for

5 to 10 YEARS

<table>
<thead>
<tr>
<th>Stock Code</th>
<th>Company Name</th>
<th>Industry</th>
<th>Address</th>
<th>Capitalization</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>YCC</td>
<td>York County Gas Co.</td>
<td>Utilities</td>
<td>123 Main St</td>
<td>$100M</td>
<td>$20M</td>
</tr>
<tr>
<td>YH</td>
<td>York-Hoofer Corp.</td>
<td>Manufacturing</td>
<td>456 Park Ave</td>
<td>$500M</td>
<td>$100M</td>
</tr>
<tr>
<td>XMC</td>
<td>X-MC Corp.</td>
<td>Manufacturing</td>
<td>789 Broadway</td>
<td>$2B</td>
<td>$400M</td>
</tr>
<tr>
<td>YWC</td>
<td>Youngstown Steel Corp.</td>
<td>Manufacturing</td>
<td>1010 Collins St</td>
<td>$50B</td>
<td>$10B</td>
</tr>
<tr>
<td>YCK</td>
<td>Ziegler Coal &amp; Coke Co.</td>
<td>Manufacturing</td>
<td>222 West St</td>
<td>$10M</td>
<td>$2M</td>
</tr>
</tbody>
</table>

**The Commercial and Financial Chronicle** — Thursday, April 17, 1935

The Exchange will hold its

**Annual Election on Monday,**

June 2, 1935.
THE OVER-THE-COUNTER MARKET
VAST, VITAL, AND VOLUMINOUS

Haytian American Sugar Co., S. A., Sugar production
Hot Shoppers, Inc. Retail clothing
Chemical Paper Corp., Chemicals
Hudson Pulp & Paper Corp., Paper
Hugoton Production Co., Petroleum
Indiana Gas & Chemical Co., Petroleum
Indiana Limestone Co., Limestone
International Textbook Co., Books, publishing and home study materials
Interstate Motor Freight System

**Price and Yield**

**Cash Div.**, **IncludingExtras for Div. Paid**

<table>
<thead>
<tr>
<th>Company</th>
<th>Cash Div.</th>
<th>Date of Record</th>
<th>Date of Ex-div.</th>
<th>Amount</th>
<th>Yield</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haytian American Sugar Co.</td>
<td>0.025</td>
<td>1957/12/31</td>
<td>1957/12/31</td>
<td>11</td>
<td>15%</td>
<td>3.75</td>
</tr>
<tr>
<td>Hot Shoppers, Inc.</td>
<td>0.10</td>
<td>1957/12/31</td>
<td>1957/12/31</td>
<td>1.50</td>
<td>6%</td>
<td>79.75</td>
</tr>
<tr>
<td>Chemical Paper Corp.</td>
<td>0.02</td>
<td>1957/12/31</td>
<td>1957/12/31</td>
<td>1.00</td>
<td>5%</td>
<td>80.00</td>
</tr>
<tr>
<td>Hudson Pulp &amp; Paper Corp.</td>
<td>0.015</td>
<td>1957/12/31</td>
<td>1957/12/31</td>
<td>1.25</td>
<td>5%</td>
<td>75.00</td>
</tr>
<tr>
<td>Hugoton Production Co.</td>
<td>0.025</td>
<td>1957/12/31</td>
<td>1957/12/31</td>
<td>2.00</td>
<td>4%</td>
<td>75.00</td>
</tr>
<tr>
<td>Indiana Gas &amp; Chemical Co.</td>
<td>0.0075</td>
<td>1957/12/31</td>
<td>1957/12/31</td>
<td>0.75</td>
<td>2%</td>
<td>15.00</td>
</tr>
<tr>
<td>Indiana Limestone Co.</td>
<td>0.005</td>
<td>1957/12/31</td>
<td>1957/12/31</td>
<td>0.25</td>
<td>1%</td>
<td>15.00</td>
</tr>
<tr>
<td>International Textbook Co.</td>
<td>0.0025</td>
<td>1957/12/31</td>
<td>1957/12/31</td>
<td>0.25</td>
<td>0.5%</td>
<td>15.00</td>
</tr>
</tbody>
</table>

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- Craddock-Terry Shoe Co.
- De Laval Steam Turbine Co.
- Denver Chicago Trucking Co.
- Dewey Portland Cement Co.
- First-Mechanics Nat'l Bank of Trenton
- Funsten (R. E.) Co.
- Gamble Brothers, Inc.
- General Electric Corp.
- Green Mountain Power Corp.
- Greenan-Carson Copper Co.
- Greenwich Gas Co.
- Groller, Inc.
- Hagstrom Gas Co.
- Natural Gas Supplies

**Our Trading department has immediate access to over-the-counter markets in all sections of the country through its private wire system linking our offices and connecting with other active trading houses.**

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RALEIGH, N.C.—C. M. Fonck Co. opens.

Morrow Adds to Staff
(Special to The Commercial and Financial Chronicle)

In With Inv. Service
(Special to The Commercial and Financial Chronicle)

Andrews Branch Mgr.
C. M. Fonck Co. Opens
COLUMBIA, S.C.—Charles M. Fonck is engaging in a securities
business under the name of Charles M. Fonck Co.

Walter L. Johnston

Coast Exchange to Increase Commissions

The exchange market is often referred to as an auction market because a stock exchange provides a focal point for the concentration of bids and offers of potential buyers and sellers for securities listed on it. Genuine auction marketing in a security cannot be maintained, however, unless there is sufficient activity in it. In those cases where less active securities are traded on an exchange, it devolves upon the stock specialist for each particular stock to create a market, in the absence of sufficient public orders to buy or sell, by, in effect though not in strict parlance, putting into an order for his own account. In other words, if you wanted to sell 100 shares of Star Mines at 10 a share, and Star Mines does not have anyone else to buy that stock, he himself would be expected to enter a reasonable bid on his own.

The continuity of any market thus created is largely dependent upon the willingness of the various individuals and his willingness to thus risk his own money.

The Over-the-Counter Market

On the Over-the-Counter Market the situation is quite different. Here there are a tremendous number of dealer firms from coast to coast that are interested in listing for over-the-counter listed and some listed stocks and bonds. Most of these can communicate with each other instantaneously through private telegraph wires or other facilities at a cost of 50 cents.

Thus many over-the-counter dealers, brokers, in New York, for instance, will be doing business throughout the day with the dealer-broker in Boston, New Orleans, Chicago, St. Louis, Denver, Los Angeles, San Francisco and other cities from coast to coast. As an integral part of
their operations dealer-brokers stand ready to buy and sell substantial quantities of the securities they are "quoting" and maintain inventories in them. Some firms, of course, choose to act solely as brokers and not dealers.

Because of competition, the spread between the bid and the asked figures on more active stocks is quite narrow. In less active stocks the over-the-counter dealer must find contra-orders if he does not wish to assume inventory positions in the securities involved. It is his business to know which other dealers in all parts of the country might have a buying interest in a given security.

One, ten, fifty or more over-the-counter dealers in different parts of the country may interest themselves in "making a market" for a given unlisted security. Prospects known to the first dealer, or known to those other dealers he contacts (either locally or in other cities), may often include individuals who are believed to have a buying or selling interest in the instant security, or investors who might be induced to buy.

The process of constantly seeking out buyers and sellers is characteristic of the Over-the-Counter Market.

A major characteristic, too, of the "counter" market is negotiation. If a gap in price exists after a prospect is found, the transaction does not die. Instead negotiation ensues. The mere existence of a buy or sell order is the incentive for the "counter" dealer to find the opposite. The Over-the-Counter Market thus has no physical limitations.

As a practical matter, though, individuals in any city of 100,000 or more can frequently pick up a phone and call a dealer-broker and get an execution on an order for an unlisted security momentarily—often while the call is progressing.

Some "counter" dealers sell directly to investors themselves. In other cases they may have a dealer following throughout the country consisting of retail firms that are always looking for securities that present good values to sell to their investor clientele.

Numerous exchange firms also deal in over-the-counter securities and any that do not must buy from or sell to an over-the-counter dealer to execute customers' orders for unlisted securities.

Many listed securities, too, are sold over-the-counter when the blocks are too large to make a quick orderly sale on an exchange possible.

An investor, on the other hand, may not be interested in himself with the intricacies enumerated above, since his dealer-broker will obtain current market quotations on any over-the-counter stock or bond, and handle all details of purchasing and selling.

The longer trading day in the Over-the-Counter Market is often a distinct advantage to the investor. On an exchange, securities can only be sold in New York during the hours of 10:00 and 3:30; in the Midwest between 9:00 and 2:30, and on the West Coast between the hours of 7:00 and 3:30. However, in most instances unlisted securities can be sold any time between 9:00 and 5:00 in the Midwest, and on the West Coast it's even longer than that. Dealer-brokers in the Over-the-Counter Market assume the job from 7:00 in the morning until 5:00 in the afternoon.

Stock Exchange Commission Rates vs. Counter Dealer Charges

When an exchange-broker executes an order for you in an exchange-listed stock, he tells you the cost price as well as the amount of his commission on your confirmation slip. On the other hand the over-the-counter dealer more often than not buys from and sells to you "as principal" or on a "commission free" basis. The over-the-counter dealer usually acts just as a merchant does in other lines of business. In other fields when you buy a set of dining room furniture, a fountain pen or what have you, the merchant sells it to you at a flat price and does not add any commission thereto. So with the "counter" dealer.

It is true that exchange commission rates more often than not are lower than the profit rates over-the-counter dealers are obliged to operate on. An important reason for this is the fact that the services of the over-the-counter dealer, besides frequently necessitating his taking the risk of an inventory position, include the extensive searching for matching bids and offers from potential buyers and sellers.

When a security is taken from the Over-the-Counter Market and listed on a stock exchange, over-the-counter dealers ordinarily lose interest in it, for they cannot make a profit trading in it. The rates comparable to the commission charges of exchange firms. Though the "counter" dealers' profit rates may be somewhat higher, they may afford investors "better" prices than the less expensive service of exchange firms.

Values

For one thing, the basic fact is that the price of over-the-counter stocks is not swollen by the premium the public is ordinarily willing to pay for exchange-listed securities. Then, too, active listed stocks and the exchange stock ticker system provide a ready vehicle for speculation and tend to center buying and selling decisions on short-turn price swings in lieu of "real economic values." Many apparently buy stocks according to hoped-for price movement and not for true investment purposes, their interest being merely where is the price going and when.

The mere fact that under the "exchange auction-specialist system" the spread between bid and ask prices is close or narrow is no indication that the investor gets good value when he buys or that the seller obtains a price in keeping with the intrinsic value of the stocks he wishes to sell. Intelligent investors are quick to recognize the fact that prices and values are two totally different things.

As pointed out before, the assumption of inventory positions is an integral part of the over-the-counter dealers' task. They must take the initiative in assuming such positions. Although they must be aware of and responsive to the fancies of their customers, they cannot without unwarranted hazard buy securities for inventory purposes.

Continued on page 58
THE OVER-THE-COUNTER MARKET – VAST, VITAL, AND VOLUMINOUS
poses unless they take cognizance of basic economic principles.

Basic economic values may appear somewhat elusive, but they are nonetheless real. They consist of mathematical and non-mathematical elements. Some insights as to the real value of a stock may be gained by checking such things as its earnings and dividend records, book value and liquidating value. But the first three of these are tied to the past, and subject to the fact that accounting is an inexact science. And liquidating value may be largely of academic significance, if the corporation is going to continue in existence.

The anticipated future average annual net income of a corporation may be capitalized numerically, but not without reference to many non-numerical concepts. These include the acumen, initiative, and forcefulness of the officers and directors of the corporation. Speculation as to how the present and possible future products of a corporation will fare on the market may be handled numerically only to a certain extent.

When an individual consistently purchases stocks without regard to basic economic values, he may at times make money, but sooner or later he will book losses. And although he may remain in the market for an extended period, he cannot do so after his capital has been depleted.

Inaccurately Forming Positions

So it is with the over-the-counter dealer. If he habitually assumes inventory positions at prices out of line with basic economic values, the economic forces will in due time exhaust his capital and drive him from the market. For survival he must be cognizant of the elements, listed above, which are determinants of the real value of the securities in which he is taking inventory positions. His pricing does not necessarily have to be out of line with real values. Particularly in regard to the non-numerical elements which go into the making of the real value of a security, in which he is to assume a position, as a general rule, he have knowledge superior to that of the lay trader.

Therefore, an important contribution of over-the-counter dealers who take important inventory positions and whose market pricing must be influenced eventually by intrinsic corporate value factors. They must stress value consciousness over quotation consciousness.

Officers and directors of the 14,000 banks and the major insurance companies of the country when buying or selling their own institution’s stock for their own account do so almost entirely through over-the-counter dealers. Investment officers of these institutions, too, are continually buying and selling government and corporation bonds and stocks through “counter” dealers for the account of their banks and companies.

Just as you get good or indifferent treatment and values from both large and small stores in other lines of business, you get over-the-counter dealers. It is not necessary for a firm to have a million dollars to be thoroughly trustworthy and to have good judgment with respect to investment values. It is, however, necessary that for every exchange counter firm or individual dealer you contemplate doing business with has a good reputation.

It is no exaggeration to say that both exchanges and the Over-the-Counter Market serve as the: “......

FROM PASTURE TO PAVEMENT
NEW DIVERSIFIED ECONOMY IN CENTRAL EAST TEXAS

A new diversified economy has taken hold and the rich farm lands of Central East Texas has developed into an...

AGRICULTURE
Produce: quality beef and dairy cattle, fruit, vegetables, poultry products.

LUMBER
Fine furniture, saw mills, boxes, basket mills, flooring mills, pressed wood.

MANUFACTURING
From cotton: textile goods, upholstered furniture, garments. Toy factories.

OIL AND GAS
A big part of new economy... exploration, drilling, processing, production.

MEDICAL CENTERS
Modern, complete medical, health and resort centers grace Central East Texas.

PROCESSING
Packing and canning, poultry, milk, meat.

WAREHOUSING – DISTRIBUTION
Planned facilities offer better distribution, better warehousing. Good roads.

SOUTHWESTERN ELECTRIC SERVICE COMPANY

continued from page 57

As We See It

whatever that Washington can head off or cure a depression.

New Deal Experience

Our experience in the New Deal years is helpful for guidance. With Franklin Roosevelt as a full-fledged quack economic doctor to the outbreak of World War II seems to us to afford conclusive proof that government can not effectively control or even favorably influence the economic life of a business—at least by the type of programs launched during those years—and the current programs are not viable. Many of the managers in Congress and among the New Deal followers everywhere are of the same stripe. But even if we did not have the benefit of this costly but convincing experience, the very nature of the arguments of the advocates of current nostrums should put any thoughtful man on notice that the purveyors of panaceas do not understand what they are talking about.

The evident pleaders for tax reduction at this time have, for example, been at considerable pains to date to defend the tax cut on the ground against the objection that a step now would bring serious danger of what is known as inflation. Continuous and rapid movement of rising prices—is, so they say, a result not of excess demand for goods but the result of competition both among business concerns and wage earners. One effect of this monopolistic situation has been, they say, to point to a place where the goods will not move. They apparently are not concerned with the possibility that by placing additional money in the hands of tax payers, goods will disseminate itself throughout the market and, of course, invite prices to go still higher. No one, so far as we are aware, has to date asked any step whatever to put an end to or even limit the alleged monopoly. Neither are the economic managers willing to permit natural forces to operate to free us from the tyranny of the labor monopoly.

There is, of course, an element of truth in the charge that lack of competition — at least among the unions—is responsible for the current recession. Labor in this country, at least so far as the present industries are concerned, is, definitely a monopoly, and has been for a long while past. This monopoly was sought, encouraged, and promoted by the New Deal throughout its years in office. In more recent years, some thrusts for power failure to place slight limitations upon it has been attempted, but the monopoly still survives; and it seems to power daily for the edification of us all. In fact, it has the temerity to argue by implication that its very actions could and would help end the recession. Certainly, enlarging the capacity of the rank and file labor movement exposed by it would in no way tend to improve the situation.

If competition is not present in industry, and where it is not present, it must, of course, be induced, particularly if lack of competition is defined as rising prices. The sort
First Boston Group Offers Commonwealth Edison 3¾% Bonds

The First Boston Corp., and associates offered publicly yesterday (Monday) the Commonwealth Edison Co. 3¾% first mortgage bonds, due March 1, 1988, at $1,000, to yield 3.75% to maturity.

The bonds are not redeemable prior to March 1, 1959. Proceeds of the sale will provide cash for working capital for the Commonwealth Edison Co.

Commonwealth Edison Co. is one of the nation’s largest utilities, engaged in the transmission, distribution, and sale of electricity in an area of approximately 12,000 square miles, and containing an estimated population of 5 million. It serves the city of Chicago which has an estimated population of 3,730,000. As of Dec. 31, 1957, the rate base was approximately $1,193,000,000.

Electric power and heat are sold to approximately 1,193,000 customers. On Dec. 31, 1957, electric sales were approximately 5,334,000,000 kw-hr., compared with electric operating revenues of $306,100,548 and net income of $146,260,000 for 1956.

Ten years ago bonds were sold at $1,000 to yield 2.2%, and currently retail at 100 and yield 3.75%.

Parke, Davis & Company

Johannes With Jenkins

Brighton Building.

The offer is made to those with a particular interest in the city of Chicago, which is the largest utility in the United States. The city’s electric power industry is under the control of the commonwealth Edison Co., which has a rate base of approximately $1,193,000,000.

The company’s capital structure consists of $50,000,000 of common stock, $50,000,000 of preferred stock, and $20,000,000 of $1,000,000 of first mortgage bonds, of which approximately $15,000,000 are due in 1958.

The net income for the fiscal year ended Dec. 31, 1957, was $146,260,000, compared with $125,764,000 in 1956.

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Federal Reserve Bank of St. Louis
Digitized for FRASER

Many Issues of Primary Concern To the Businessman Today

right of labor to bargain collectively for many years.

There is another proper to sympathize with the labor movement in general, on the same principle that right-thinking people followed Alexander Hamilton in his support of a protective tariff. We were told it was the duty which was just learning to crawl out of its cradle.

That is one thing all of us must do, for we all will have to work, but it will not be the same for all. If we look at it from the national standpoint and the picture-all in the aggregate, we will see the nearly the disastrous effects that taxes bring, and we should think, in the hope of preventing so many potent minds and their

The present number of unemployed persons coming to the total population is a small percentage. It is not an insignificant fact that there are a great many people overworking, and in the busy months of February, March, and April, many more people will be overworked, and they are taking the chance and working longer than they should.

White House Error

This practice was increased in the early 1920's, and I think it may be unfair to assume that the country is going to go down the same path, but I think it is just as

I think that the House was a little too lukewarm in forming a retrograde move to the economic depression begins, but it is

I do not mean to say that we are in a state of affairs that makes the country feel that the direction general direction is not right.

One thing that should lend us a feeling that we have a basically sound economy is that when our young people who were born in the war years reach maturity in the 1960's, and that decade is not far away.

There is no attempt in the first report, and I would not expect the committee to commit an economic report to a job. Nothing is suggested about the abuse of picture.

If the committee will come up with a report on tax evasion, it will pack real authority as to the abuse of picture and the income tax regulations, the general well-being. We must make it our business to encourage the use of the tax laws and to urge the Congress, as a whole, to give us an opportunity to make proposals with teeth in them.

Examining Federal Taxation

Let me turn now to Federal taxation, which is a matter of the utmost importance. If we are to move forward, we must immediately begin to take stock of the income tax, and demand that it be made a more effective tool in the national scheme of things.

It is a matter of the utmost importance. If we are to move forward, we must immediately begin to take stock of the income tax, and demand that it be made a more effective tool in the national scheme of things.

Examine the income tax in the light of prevailing economic conditions, and let us use the income tax to generate more income, to create a more effective economic structure to meet the challenge of the 1960's. Not merely to provide tax relief.

Incomes Tax

I would like to see an across-the-board cut in the personal income tax. I urge that we operate on the upper brackets in addition—not for the rich man, but for the benefit of all. That is one way to stimulate the economy.

One factor is risk capital, investment capital, and the other is venture capital. People cannot do much about the latter, but we can do something about the former.

Venture capital is the lifeblood of our country's economic structure. It is capital—risk capital—that brought us our present high living standard. Loan capital we need. But unless we have venture capital to

It would do much to stem the flow of other capital. It would stimulate the creation of new enterprises, and the subsequent upsurge in the national income would help reduce progressive income tax rates. It would stimulate the flow of capital into productive enterprises.
The duties and responsibilities of the individual are both more and more—not only as to the public body, but also as to what he gives to society. This calls for whole-hearted and active participation in community and national affairs—and, in the years of our far-sighted forebears meeting the challenges of the day.

Continued from page 11

General Skepticism About Oils and Relative Values in the Offing

American industry plans to invest $34 billion in new plants and equipment in 1961—12% less than was invested in 1960. Plans of Business Plans conducted by the Institution for Economic Research of McGraw-Hill Publishing Co., rev. However, companies pared back planned to increase their research spending from 2.5% of sales in 1958 by 14%. They also expect to increase sales by 15% in 1961 based on an estimated upturn from 1957 to 1958—that is, better profit margins. This suggests a deep or prolonged recession and are aggressively planning to supplement their capital accumulation.

During 1958, industry plans to spend billions in research and development. Since 1953, expenditures on research have increased 30% in 1958, but this will be a further increase to $10 billion. The survey of the 1958 level, according to this survey.

New Products Accelerated

As the result of the research boom, industry is developing new products at a much faster rate than in the early postwar years. However, manufacturing companies show that an expected 12% of 1961 sales will be for new products. Industry plans to increase this rate up to 22% of its 1961 sales. And new product lines from 10% to 14% for companies engaged in manufacturing textile, paper and chemical industries.

In addition to new products, industry's research program indicates well the need for new development of manufacturing processes. The manufacturer of petroleum products, for example, is planning to install of new products. Of the companies surveyed, 41 were considering changes in capital, equipment, and chemical reports of the survey revealed that companies plan a higher rate of research spending in 1961 than in 1957. The machinery manufacturers plan to increase their research spending for 22% of its 1961 sales. And new product lines from 10% to 14% for companies engaged in manufacturing textile, paper and chemical industries.

In addition to new products, industry's research program indicates well the need for new development of manufacturing processes. The manufacturer of petroleum products, for example, is planning to install.

John Green Adds

John Green, who recently became a director of the fishing company, has been added to the staff of John S. Green & Co., Fl.

With McDonald Co.

Cleveland, Ohio—David E. White, Inc., has been acquired by McDonald Co., member of the Midwest Stock Exchanges.

Whitmore, Bruce Branch

Whitmore, Bruce and Co., has opened a branch office at 70 Wall St., New York City, under the direction of Ralph E. Whitmore, Jr.

However, it appears that the total number of wells drilled will de-
cline in 1961. While the oil companies reported plans to

The trend toward a new basis for pricing crude oil and refined products looks promising. In general, two bases for pricing crude oil are discussed: the first is based on the gravity of the crude oil and the second on the cost of refining the source of the crude as it relates to transportation-to the United States. Since 1957, there is a tendency toward some uniformity in pricing of crude oil and products in the Middle West and Pacific regions. While significant crude oil price structure may take the form of a slightly higher price for the crude oil to refiners on the basis of yield. This trend is not in-

Halsey, Stuart Group Oils

Halsey, Stuart Group Co. and Rapid Oil Co. has offered an issue of $7,515,000 North American oil equipment trust certificates. The certificates are sold to yield from 2% to 3%, according to maturity. Issuance and sale of the certificates are subject to the approval of the Royal

Bunker With Andrus

Bunker with Andrus & Co. has been associated with E. T. Andrus & Co., 75 Pearl St., New York. This firm is to conduct its own investment business in Portland, Maine and White Plains, New York.
Uranium—Fact and Fancy

dentally, however, this is not the equivalent of saying that fusion cannot be achieved.

Fusion has been successfully demonstrated in the hydrogen bomb. It is hoped that improvements can be made in the form of the bomb, sometimes referred to as the fusion bomb. Experiments are being made to see if progress in the last few years and the knowledge gained thus far can be pursued even before the uranium chain reaction was demonstrated. It is important to recognize from the fact that notable advances have been made and certain important steps have been reached in the technological development of controlled nuclear fusion, that any further work must be carried out with the utmost care. It is even more important, therefore, to be certain that the road which has been traveled is not in the light of the road which, if not traveled, for example, is to well recognize that further experiments performed to date have not yet put us in a fusion position at all.

It is to the latter point that our consideration of the energy balance in the latest experiments must be directed. In 1942, Sir John Cockcroft, (leading British Scientist) and Sir Ernest Rutherford, (the man who obtained other sources and used in producing the first artificial nucleus, obtained a million, millions of electron volts, as much as the energy produced in the bomb. In 1952, we obtained that was obtained on only three billionths of one volt of energy. The amount of energy used above, referred to here is in addition to any fuel energy contained in the materials used. Essentially, then, it can be concluded that this unfavorable energy balance can be increased by building and testing further experiments are made, but the improvement appears to be a rather remote endeavor.

To determine whether fusion constitutes any threat to uranium, we must first examine the future. We all know projections of the future. The frame is the subject to which we may wish to apply this method. However, one may at least to some degree of reality, in the facts of the subject if one cannot obtain a frame on one's own.
In the ground after completion of contract deliveries will permit continued operation for more than 60 years. In other words, the fully amortized unit and the reserves in the ground are available for less than the price a company with major oil stocks is also natural. Leaving aside the fact that oil companies have practically no bondage, no major oil company with a 35-year reserve is available for its earnings over the next five years.

During 1938, earnings figures for uranium companies will start to appear. Even more important perhaps, dividends will start to be paid. At these events the market is bound to recognize the relatively low prices at which uranium stocks are available in comparison with other branches of the mining and defense industries, and uranium should advance.

Blyth Group Offers $25,000,000 Diamond Gardner Debentures

Public offering of $25,000,000 Diamond Gardner Corp. 4% sinking-fund debentures due 1963 was made at the underwriting group headed by Blyth & Co. The debentures were priced at 100% and accrued interest.

The proceeds from the sale of the debentures will be used by the company in its present expansion program totaling $12,000,000. Bank loan incurred principal and interest charges of $3,000,000 will be refinanced with the sale of new integrated forest products plant at Red Bluff, Calif., and anticipated proceeds from the refinancing of facilities of the Gardner Division. The balance of the net proceeds will be added to the general funds of the company.

Diamond Gardner (formerly The Diamond Match Co.) is an important manufacturer of forest products, paperboard cartons, paperboard, lumber, matches and woodchips, the manufacturer of lumber and building materials. The name of the company was changed in November, 1957, following the merging of the interests of The Gardner Board and Carton Co., a manufacturer of paperboard cartons and cartons.

Diamond was founded in 1881 and has been a dividend on its common stock in every year since that date. Net sales of the company in 1957 were $81,842,000 and net income amounted to $8,129,000. The company’s net was available prior to April 1, 1963, other than for the sinking fund, as a part of the company’s expansion program which borrows money at a rate lower than that borne by the current issue. Optional redemption prices are 103% for debentures dated during the five years beginning April 1, 1963 and decline 5% each year thereafter to 100% in 1968. The sinking fund provides for the retirement of $253,000 of debentures semi-annually beginning Oct. 1, 1963 through 1968, calculated to retire the entire amount or prior to maturity.

Chicago Analysts to Hear Errett and McCullough of The Continental Companies will be speakers at the luncheon meeting of the Investment Analysts Society of Chicago to be held April 17 in the Adams Room of the Midland Hotel.

James Carstairs, Philadelphia, Pa., member of the Philadelphia-Baltimore Stock Exchange since 1906, pronounced on "With McDonald, Holman (1873)

ST. PETERSBURG, Fla.—The St. Petersburg Stock and Bond Club, an organization of securities dealers and representatives, has been formed to promote the exchange of business information among members of the profession, as well as to improve the code of ethics.

There are 16 charter members and it is anticipated that many others eligible for membership will be added to the rolls. Ten years in the securities business (three in St. Petersburg), and membership in or affiliation with the National Association of Securities Dealers are the principal requirements for membership. Newly elected officers are:

President: Ronald A. Beston, Ronald A. Beaton Investment Securities.

Vice-President: Edmund D. Read, A. M. Kidder & Co., Inc.

Secretary: Soren D. Nielsen, Bell & Hough, Inc.

Treasurer: Paul Good, Thomson & McKinnon.

Directors: W. A. Emerson, Merrill Lynch, Pierce, Fenner & Smith; J. Herbert Evans, J. Herbert Evans & Co., and Clifford U. Sadler, Davidson-Vink-Sadler, Inc.


Politicians and Realities

"Contrasting with the moderation of the business recession is the extremism of the political leaders. This reflects feelings that, unless effective government actions are taken, the best the economy can do is to flounder along with a chronic unemployment problem. Counselling delay was the consideration that actions already taken, or residence of the economy and the people, might bring the desired revival. Lurking in the background was the memory of the Lost Decade, 1929-40, when an overabundance of government projects to resuscitate property gave us the longest depression in our history.

"Nevertheless, the present political concern shows the weight of responsibility the Federal Government has assumed for high-level production and employment. Since the bulk of job opportunities in our society are provided by private employers, the most acute need is to understand the incentives which lead enterprising people to offer employment opportunities and the price-cost relationships which permit production and sale at a profit.

"It will only be by sacrifice of selfish political advantage, and attention to realities, that a foundation can be laid for a sound and enduring recovery." — The First National City Bank of New York

Washington please take note!

Continued from page 20

Exposing Short-Sighted
And Selfish-Ends: Einzig

...save Britain from nonstop inflation at an accelerating pace. The economic policy of the Conservative Party, or the employers' organization, under the government of the same name, next year, to compensate their members for the rise in prices caused by their previous inflation increases, and this would go on indefinitely.

What the economists ought to have explained to the Trade Unions, politicians and newspapers is that, in the absence of further increases in wages, the rise in prices is bound to become reversed, for the simple reason that there would not be enough purchasing power to maintain the demand on the basis of the higher price level. In addition to this argument, based on a combination of supply-and-demand theory and simple arithmetic, economists ought to have explained, if only to the Trade Unions, that any relief they get is a lesser good, the "marginal utility," of the public, and that the growth of the public's total utility is not a monopoly of the public itself.

The Government hastened to dissociate itself in public from its findings, instead of trying to popularize it by the publication of abridged and truncated statements. Neither this report, nor any other publication or public statement has even attempted to attack the fundamentally false belief that organized labor is perfectly within its rights when trying to secure full compensation for any increase in membership in or affiliation with a union. This conception is allowed to stand unchallenged, and there is bound to be much public sympathy for trade unions' claims for wage increases which are, primarily, based on the cost of living index. Yet the arguments on which such claims are based are fundamentally false.

Bambs Wages

First of all, the increase in the cost of living by some 10% during the past 12 months has been entirely due to the wage increase granted to the Trade Unions last year. The increase of 5% given to the employees of British Railways a year ago was the first of a series of increases which more than nullified the effects of the fall in raw material prices and of the Government's disinflationary measures.

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HERBERT D. SEIBERT & CO., Inc.
Publishers of "Security Dealers of North America"
25 Park Place, New York 7

Volume 177 Number 5734 The Commercial and Financial Chronicle
Outlook for Our Economy

The favorable aspects of the altered price structure are clear. With the lower wage-price floor, the price of most items has increased. This widening of the favorable facts of the recession will continue to be reflected in the Federal Reserve Board Chairman Martin a couple of years ago. To this author, operating at the increased in credit availability, he said:

"Monetary policy by itself, however, cannot assure resumption of economic growth without a fundamental change in the economic environment. Until such a change occurs, the success of monetary policy will be limited by the constraints on the money supply. It is clear that the current recession will be reflated, but only after a fundamental change in the economic environment has occurred."
Proposals made by Elliott V. Bell and New York "Times" hits Walter E. Spahr

What could be "accomplished legally but cannot be accom-
plished legally" now, Dr. Spahr asks in wondering why vague
proposals implying economic dictatorship are made by "Busi-
ess and World News" New York "Times" editorial.

The President, with his Council of Economic Advisers, already
legally does that called for by Edi-
tor and Publisher Elliott V. Bell.

and by New York "Times," asserts
distinguished economist Dr. Walter E. Spahr who wonders whether present economic proposals are pur-
designed to add "Executive Dic-
tatorship" to present constitu-
tional concept of government.

This analysis, contained in April "Monetary Notes," a mon.
bly newsletter for bankers and
published by Economists' Na-
tional Council, New York City, is a se-
quent of searching inquiry
made in last July's "Monetary Notes" of Dr. Arthur A.
Y. Spahr views on this subject.

Addressing himself first to Mr.
Bell, Dr. Spahr states he's con-
cluded because no one is com-
mander in chief of our economic
defense we ought, by law, to have some authority in govern-
ment that would be responsible for think-
ing in terms of overall economic
policy; he has suggested a National Council under the Chair-
manship of the President, such body set up
to Secretary Anderson and Secretary-
ernon basis "should be established on a for-
mal basis and clothed with
necessary authority; there is certain we would have any part of
direction of our defense against
recession as an essential part of
our national defense.

The bones of this skeletal de-
severed crush the Constitution.
The Constitution provides a Presi-
dent shall be Commander-in-
Chief in the military forces of the United States, and of the
violates that the military forces when cast into the actual service of
the United States; it does not authorize him to be words that in
chief of our economic defenses,

"The Bell contention that we ought to have a government that would be responsible
in thinking in terms of overall economic
overlook the fact that the Consti-
tution places the President as "shall from time to time give to the Con-
vention of the state of the Union, and
their consideration such meas-
ures as he shall judge necessary
and expedient," and that Congress has power to form a board with a Council of Economic Advisers
although Mr. Bell does mention
this Council.

See Na Net Gain

"What could a 'National Econ-
omic Council,' recommended by Mr.
Bell, accomplish? If we cannot be accomplished legislatively by the President and his present
Council of Economic Advisers? Does not the possible distinction lie in Mr. Bell's
his proposed Council should be called "economic dictatorship"
and what, precisely, does

outside the limits of the U.S.
Constitution.

More Than a Triumvirate

The "C. E. D. staff, Arthur
Burri, Jones, March," Elliott Bell, and
this editorial in The New York Times
imply a situation which is being car-
ed on, in the country, in the ways, in behalf of what appears
be Executive Dictatorship in
the country.

The Treasury's irredeemable currency to Executive Dictatorship is a com-
mon sequence of events in gov-
ernment. The agitation for such
change is evidently under way in
this country; and it seems to be
highly organized and well
readers are adding their voices in
favor of this dictatorship made effective, past
高新 reader is left in the dark as to
how it is proposed that such a
domination be made effec-
tive.

"An irredeemable currency can,
and ordinarily is, an evil
introduction, however; to the
aspects of its use is now intruding itself on our national scene.

Cities Crane Britton

"The Treasury's proposals, which recommendations are being made
for change in the Federal Reserve, or
Council, or Commission, be forms
under the Chairmanship of
the President, shall have legal and fiscal
propositions and en-
omy as a defense against economic
recession, apparently regardless of
its effects on the rest of the
society, could easily raise the
deficit, nearly all of the
agitations, of the Editor's
ments, made by Crane Britton.

"The executive dictatorship of
in its book, No. 91.
Revolution (Prentice-Hall, Inc.,
dates 1951, p. 203) and, while he
pertinent to this state of af-

The knowledge that the dictatorship is in
the group at present this sale
April 16 on a bid of 101.8190.

Net proceeds from the sale of the National Economic Council
for the construction and
the final disposition and for
the repayment of promissory notes
due on May 1, 1959, and for
the construction of the com-
partment's construction program is ex-
pected to be approximately $573,413

Build-up on Wane

Investments which were build-
ing up at a $2 billion annual rate in the
summer of 1957, have been reduced at an $8 billion annual
rate to carry the economy will have to take place in many
industries.

In the "New York Times" of the
front we are

The event is this an election
and there is a distinct pos-
ibility to this that there is likely
to scare the showout growth.

Summing up, Federal Reserve
and Federal Government policies should provide a strong
if somewhat delayed stimulus to business. Money will be made
easier, but not so easy as to start inflation spiral. Defense, housing, highway, utility, research expenditures are the way.

Institutional investors, pension
funds and insurance companies, etc., are constantly seeking to in-
vest.

The market is technically quite strong and stock prices appear to have discounted much of the trou-
ble facing us.

A tax cut is a distinct possibility
and could be a major economic stimulus and a stock market rise could take place in the
fairly near future.

FD rather be a buyer of secu-
ties than a seller at this point.

Money and the Stock Market Outlook

E. F. Hutton Ads

Byline (in the Financial Chronicle)

SAN FRANCISCO, Calif.—Clay-
Adams is now connected with
the staff of Dean Witter & Co.,
the New York and Pacific Coast
Stock Exchanges.

Larkin Inv. Branch

CAMPBELL, Ark.—Larkin Invest-
ment company has opened
branch office at 206 Jackson
Street under the direction of Pearl
B. McGee.

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As publishers of "Security Dealers of North Am-
erican" we have a special section for every first-
and second-class dealer. We will be happy to
a position to offer a more up-to-the-minute Re-
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of the States and Cities.

There are approximately 5,000 names in the United
States and Cities.

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for addressing N. A. B. D. List, $30.00 per
month, paid in advance, or on gummy roll label at a
small additional charge.
The State of Trade and Industry

Now until later in the year when they expect a reasonably encouraging pickup.

Although awards for heavy civil engineering construction construction continued during the week, they exceeded those of the similar week last year by 8%, according to the "Engineering News Recor-

Passenger car production in the United States last week jumped 30.4% as most of Ford, General Motors and Chrysler plants resumed operation following a one-week shutdown for inven-

demand, production was 33.9% above the level in 1957. The week's output was 487,783, compared with 325,467 in the prior week, when 39 plants were closed to balance dealer stocks with output. Output in the last week of April jumped 30.4% this year, while output in the last week of April last year was 25.8% above the level in 1957.

Last week's output rose above that of the previous year, 1957, the first time this year. Output for the week ended April 14, was 4,745,000, compared with 3,985,000 in the corresponding week of 1957.

Business Failures Fell Slightly in Past Week But Held Considerably Above 1957 Level

Commercial and industrial failures dipped to 342 in the week ended April 10 from 353 in the previous week's end. This was the lowest total of the year. The week's business failures were 6.5% below the 367 failures of the week ended April 8, 1955.

Six of the nine major geographic regions reported declines. The toll last week in the Northeast was 17 failures, compared with 23 the week before. Business failures were down in all of the other regions except the West, where 3 failures were reported, compared with 2.

The index represents the sum total of 31 raw food product price indexes, plus 11 on processed foods, and 18 on other foods. This is to show the general trend of food prices at the wholesale levels.

Wholesale Commodity Price Index Extended Previous Week's Rise in Latest Week

The general commodity price level remained close to that of a week ago. The index for industrial materials rose 1.8% from last week's $66.0 to reach a new high for the year of $67.2 on April 8 as a result of the upward climb of the Dun & Bradstreet wholesale price index figure was $57.7. Today's index is 8.6% higher than the $61.19 of one year ago.

In the past week's figures' were flour, wheat, barley, soybeans, potatoes, eggs, kernels, milk, cheese, butter, beans, and cottonseed oil. Lower in price were butter, sugar, cocoa, coffee, hogs and beans.

The index indicates the sum total of the price per pound of 29 raw food product price index, plus 11 on processed foods, and 18 on other foods. This is to show the general trend of food prices at the wholesale levels.

Wholesale Food Price Index Rebounded to New High in Latest Week

The Dun & Bradstreet wholesale food price index rose 1.8% from last week's $66.0 to reach a new high for the year of $67.2 on April 8 as a result of the upward climb of the Dun & Bradstreet wholesale price index figures' were flour, wheat, barley, soybeans, potatoes, eggs, kernels, milk, cheese, butter, beans, and cottonseed oil. Lower in price were butter, sugar, cocoa, coffee, hogs and beans.

The index represents the sum total of the price per pound of 29 raw food product price index, plus 11 on processed foods, and 18 on other foods. This is to show the general trend of food prices at the wholesale levels.
Outlook for Drug Industry

The future of the industry will be determined largely by the size of the postwar expansion and the productivity of research and new products. We have no accurate method of measuring the rate of research but if it only remains constant on the rising level in expectation of a much larger expansion in new products, we can be easily seen. Factors on the side of demand for new products would not be growing as rapidly as in recent years. Consumption is expected to remain fairly high in the future. The supply side is not generally recognized, however.

Sooner or later it is likely that the supply side will begin to dominate. The cost of producing a new drug is high and the profits have been a great deal lower than those realized by the earlier producers of new drugs. The new producers have to be able to provide a new drug at a lower cost than the older producers. This is a situation where the new producer must be able to produce the drug at a lower cost than the older producers.

Most Sales Gain in 1958

Looking ahead to 1959 sales, it is expected that they will continue to gain but the rate of increase will be substantially less than in the past 2 years. The most probable rate of increase will be about 5 to 10%.

Bache Adds To Staff

Michael H. Seibert has joined the staff of Bache & Co., 127 South La Salle Street, as director of security dealers, with responsibility for a national network of security dealers in New York, Chicago, St. Louis, Philadelphia, Boston, and other cities.

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A 1,700 page book containing 5,000 listings covering all United States and foreign security dealers, grouped geographically and alphabetically, and complete with all the necessary information for each stock and bond house.

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E. J. Bache & Co. 127 South La Salle St.

Bache & Co.

Michael H. Seibert

Michael H. Seibert

Michael H. Seibert
A Program to Speed the Return of Prosperity

Easier Credit
Let me say a word about each of these program in a prospect program program.
Easier credit: So far during the depression, the Federal Reserve authorities have had to give a high degree of priority to action to reduce the cost and increase the availability of bank discount. Last week, of course, the Federal Reserve Board increased member interest rates on a little over half a percentage point (thus freeing $500 million of reserves and increasing the total amount of commercial bank credit to $150 billion). This was the largest single other reduction of similar amount that was made. Such credit relaxation—indeed, its effect is clearly resulted mainly from repayment of credit that had been reducing their revenues.
The decline in business activity began in August 1957. Nearly three months elapsed before there was a definite policy decision to increase money supply (demand deposits plus currency), and four months passed before there was any actual easing of credit. The experience of the past year has been that growing demand for loans, whether induced by fear of a recession or an inflation, has been well behaved. The Federal Reserve Board has been careful to make sure that growth be borne by a stimulation of demand, and not that the movement be used for the ultimate purpose of reducing the strength of the Free World.
Advocates Four-Fold Program
I suggest that the economic situation calls for prompt action on four fronts, as follows:
First: Easier credit. The Federal Reserve should take a decisive step to reduce the cost of money by lowering the discount rate and easing credit conditions. This can be done by reducing the reserve requirements on member banks and by open market purchases of U. S. government securities. The first three or four cuts of one or one and one-half percentage points down to March, have been "too little and too late." The previous reductions were probably the right size, but they were not done in time. A flexible monetary policy can aid the recovery and ease the pinch of prosperity, to be sure; and no one knows how potent a stimulus to the recovery such a policy can be. But it has not worked. The Fed has been too slow in action in the past.
Second: Acceleration of national defense. The Administration should accelerate the building program for military equipment and its payments on completed equipment.
Third: Acceleration of public works. The Administration and Congress need to accelerate the Federal public works program for highway construction, as well as post office and interstate highway projects.
Fourth: Tax Reduction. The Administration and Congress are both in favor of reducing the tax burden for 1958 by at least $2 billion. The Federal Reserve Board now agrees with the Administration to increase the tax cut by $2 billion to $5 billion. This would be the first major tax reduction since 1933, a period of approximately six months, and the tax cut would be a major economic stimulus.

Critics Dilatory Action
Within a year after the beginning of the business setback of 1957, Federal Reserve efforts to implement the immediate stimulus package of nearly 7.5 billion dollars had been insufficient. The Federal Reserve authorities attempted to increase the money supply by reducing discount rates for member banks and by open market purchases of U. S. government securities. However, there was a serious lag in implementing these actions. The Federal Reserve Board did not take decisive action until nearly three months had elapsed. During this period, nearly $500 billion of reserves were released and the total amount of commercial bank credit to $150 billion. This was the largest single other reduction of similar amount that was made. Such credit relaxation—indeed, its effect is clearly resulted mainly from repayment of credit that had been reducing their revenues.
The decline in business activity began in August 1957. Nearly three months elapsed before there was a definite policy decision to increase money supply (demand deposits plus currency), and four months passed before there was any actual easing of credit. The experience of the past year has been that growing demand for loans, whether induced by fear of a recession or an inflation, has been well behaved. The Federal Reserve Board has been careful to make sure that growth be borne by a stimulation of demand, and not that the movement be used for the ultimate purpose of reducing the strength of the Free World.
Investment Banking Group Offers $95,877,000 In Massachusetts Various Purpose Bonds

Bankers Trust Company, The Chase Manhattan Bank, The First National City Bank of New York, The Guaranty Trust Company of New York, The First National Bank of Boston, Fenn & Co., and Phipps & Co. are joint agents in the offering of $95,877,000 par value Massachusetts various purpose bonds for the Massachusetts State Government to fund a new General Public Building. The bonds are due at 1960. The interest rate on the bonds is 2.50% per annum. The proceeds of the offering will be used to construct the new General Public Building. The offering is open to the public.

Short-term Uncertainties and Long-term Growth Needs

The forces of future growth which were so clearly present last year, have fluctuated above and below the basic trend growth has been and will be for the next few years. The stability of growth, measured in terms of a level of $600 billion in 1965, will be present. The importance of the present growth rate is to be found in the fact that it is the growth rate which we have forecast for some time to come. A study of the future growth rate of the U.S. economy shows that it will be about 5% per annum. This growth rate is not likely to be sustained for more than five years. The growth rate of the U.S. economy is expected to be about 3% per annum over the next five years. This growth rate is not likely to be sustained for more than five years. The growth rate of the U.S. economy is expected to be about 3% per annum over the next five years.

Debt-GNP Ratios

Historically, there has been a relationship between total debt and GNP such that the debt has been in the vicinity of 1.7 times GNP. This relationship has persisted at least since 1915, except for periods of depression. The assumption of reasonable full employment in the years ahead makes this relationship likely and desirable. The following table shows the ratio of debt to GNP for the years 1916 to 1956.

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt (billion)</th>
<th>GNP (billion)</th>
<th>Debt/GNP Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1916</td>
<td>600</td>
<td>400</td>
<td>1.50</td>
</tr>
<tr>
<td>1929</td>
<td>700</td>
<td>500</td>
<td>1.40</td>
</tr>
<tr>
<td>1936</td>
<td>800</td>
<td>600</td>
<td>1.33</td>
</tr>
<tr>
<td>1945</td>
<td>900</td>
<td>700</td>
<td>1.29</td>
</tr>
</tbody>
</table>


A consistent relationship also holds for the various debt-GNP ratios for the years 1916 to 1956. This relationship is likely to persist at least since 1915, except for periods of depression. The assumption of reasonable full employment in the years ahead makes this relationship likely and desirable. The following table shows the ratio of debt to GNP for the years 1916 to 1956.

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<td>900</td>
<td>700</td>
<td>1.29</td>
</tr>
</tbody>
</table>

The ABA-Economic Policy Committee has expressed its views clearly and authoritatively on this subject.

I am not a "prophet of gloom and doom" who believes that failure to act now will lead to economic disaster. On the contrary, I have great confidence in the basic strength of the U.S. economy and the potential for economic growth in the long run. The leaders of the nation's business, industry, and government have every confidence in the future of the U.S. economy. They are not pessimistic about the future. The leaders of the nation's business, industry, and government have every confidence in the future of the U.S. economy. They are not pessimistic about the future. The leaders of the nation's business, industry, and government have every confidence in the future of the U.S. economy. They are not pessimistic about the future.
NEW ISSUE CALENDAR

April 17 (Thursday) Piedmont Natural Gas Co., Inc. Common (offering to stockholders—to be underwritten by Primary underwriters) 2,000,000 shares. 

April 18 (Friday) Domestic Finance Group Inc., Preferred Securities Co. & McAlpin & Co. Preferred Stock, $100 par (par $100) $100,000 (par $100) $100,000.

April 18 (Friday) Telco Corporation (A. T. Lawhorn & Co.) $200,000.

April 19 (Saturday) Sierra Pacific Power Co., Common (offering to stockholders) 7,000 shares.

April 20 (Saturday) Toronto Electric Co., Ltd. Bonds (Bonds 11 a.m. EDT) $10,000,000.

April 21 (Tuesday) Atlantic City Electric Co., Inc. Bonds (11 a.m. EDT) $10,000,000.

Avionica Corporation Inc., Preferred Stock, $100 par (par $100) $200,000.

April 22 (Tuesday) Commonwealth of Australia, Bonds (11 a.m. EDT) $50,000,000.

Springfield Fire & Marine Insurance Co., Common (offering to stockholders—to be underwritten by Primary underwriters) 1,500,000 shares.

February 23 (Wednesday) Lykes Bros. Steamship Co., Common (Morgan Stanley & Co.) $400,000.

Multifamily) $400,000.

April 24 (Wednesday) Maine Fidelity Life Insurance Co., Preferred Stock, $100 par (par $100) $5,000,000.

Potomac Electric Power Co. Debentures (offering to stockholders—to be underwritten by Johnson, Leatham, Wood & Co., Inc.) $15,000,000.

Southern Counties Gas Co. of California, Bonds (11 a.m. EDT) $2,000,000.

April 24 (Thursday) Adams Engineering Co., Inc. Debentures (Bonds 11 a.m. EDT) $2,000,000.

Adams Engineering Co., Inc. Common (Bonds 11 a.m. EDT) $2,000,000.

April 25 (Thursday) National Security & Founders, Inc. Bonds (11 a.m. EDT) $2,000,000.

Olen Co., Inc. Bonds (Bonds 11 a.m. EDT) $100,000.

April 25 (Thursday) Pittsburgh & Lake Erie Co. Equip. Trust Cfs. (5th hour EDT) $3,500,000.

April 25 (Thursday) Technology Investors Corp., Preferred Stock, $100 par (par $100) $200,000.

April 25 (Thursday) First Bank & Trust Co., Notes (offering underwritten) $1,000,000.

April 25 (Thursday) Four Corners Oil Co. & Gas Co., Preferred Stock, $100 par (par $100) $1,500,000.

April 26 (Friday) Long Island Lighting Co., Preferred Stock, $100 par (par $100) $1,000,000.

Pagit Sound Power Co., Preferred Stock, $100 par (par $100) $500,000.

April 29 (Tuesday) Philadelphia Electric Co., Bonds (11 a.m. EDT) $2,000,000.

Portland General Electric Co., Bonds (11 a.m. EDT) $2,000,000.

Sierra Pacific Power Co., Bonds (11 a.m. EDT) $2,000,000.

April 30 (Wednesday) Burgermeister Brewing Co., Inc. Bonds (Bonds 11 a.m. EDT) $1,000,000.

Long Island Lighting Co., Preferred Stock (offering to stockholders—to be underwritten by Rupp & Co., Inc.) $1,000,000.

Montreal (City of), Debentures (Bonds may be invited) $35,000,000.

Southern Nevada Telephone Co., Preferred (Bonds 11 a.m. EDT) $1,000,000.

Ferrall Drilling Co., Feb. 3 (letter of notification) 150,000 shares of common stock (par five cents). Price—$2 per share. Proceeds—To fund operations and general purposes.

Fidelity Bankers Life Insurance Corp., Richmond, Va., March 5 (letter of notification) 150,000 shares of common stock (par $1). Price to be offered for subscription by holders of outstanding stock on a pro rata basis; thereafter the balance remaining, if any, will be sold by public subscription. Price—$3 per share to stockholders; and to the public at a price to be determined. Proceeds—For expansion and other corporate purposes. Underwrite—None.

First Bankers Co., Clifton, N. J. (4/28) April 7 filed $1,000,000 of 12% convertible debentures with a face value of $180,000 due nine months after date of issue in units of $100 or multiples thereof. Price—100% of principal amount. Proceeds—To be used solely for purchase of notes and other indebtedness issued in payment for improvements on property which will be used for improvements upon the improved properties. Underwrite—None.


Fluorspar Corp. of America, April 16 filed 150,000 shares of common stock (par $10). Price—$3.50 per share. Proceeds—For exploration work and working capital. Underwrite—Oregon, Ore. Underwrite—To be named by American Bankers, Inc., Portland, Ore.

Famous Virginia Foods Corp., Jan. 30 (letter of notification) 15,000 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 at a price to be determined. Proceeds—For expansion and other corporate purposes. Underwrite—None.


Southern Nevada Telephone Co., Common (offering to stockholders—to be underwritten by Rupp & Co., Inc.) $1,000,000.

Telco-Broadcasters, Inc., Common (offering to stockholders—to be underwritten by Roberts & W. C. Co.) $1,000,000.

Texas Co., Preferred Stock, $100 par (par $100) $125,000.

Linacir Engineering, Inc., Debentures & Com. (Dempsey-Tepler & Co.) $1,000,000.

People's National Bank of Denver, Debts. & Com. (Bonds, Rocker & Co.) $1,000,000.

Southern Pacific Co., Equip. Trust Cfs. (6th hour EDT) $3,500,000.

Commonwealth of Australia, Bonds (11 a.m. EDT) $10,000,000.

Springfield Fire & Marine Insurance Co., Common (offering to stockholders—to be underwritten by Primary underwriters) 1,500,000 shares.

Lykes Bros. Steamship Co., Common (Morgan Stanley & Co.) $400,000.

Maine Fidelity Life Insurance Co., Preferred Stock, $100 par (par $100) $100,000,000.

Potomac Electric Power Co. Debentures (offering to stockholders—to be underwritten by Johnson, Leatham, Wood & Co., Inc.) $15,000,000.

Southern Counties Gas Co. of California, Bonds (11 a.m. EDT) $2,000,000.

Adams Engineering Co., Inc. Debentures (Bonds 11 a.m. EDT) $2,000,000.

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National Security & Founders, Inc. Bonds (11 a.m. EDT) $2,000,000.

Olen Co., Inc. Bonds (Bonds 11 a.m. EDT) $100,000.

Pagit Sound Power Co., Preferred Stock, $100 par (par $100) $500,000.

Philadelphia Electric Co., Bonds (11 a.m. EDT) $2,000,000.

Portland General Electric Co., Bonds (11 a.m. EDT) $2,000,000.

Sierra Pacific Power Co., Bonds (11 a.m. EDT) $2,000,000.

Burgermeister Brewing Co., Inc. Bonds (Bonds 11 a.m. EDT) $1,000,000.

Long Island Lighting Co., Preferred Stock, $100 par (par $100) $1,000,000.

Montreal (City of), Debentures (Bonds may be invited) $35,000,000.

Southern Nevada Telephone Co., Preferred (Bonds 11 a.m. EDT) $1,000,000.
May 1, 1933. Price—$31.38 per piece. Proceeds—To be used to repay loan, to purchase equipment and machinery and to provide funds to acquire additional equipment and for working capital. Underwriter—None.

Mayer Markets March 24 (letter of notification) 3,000 shares of common stock (par $1) to be offered in units consisting of 1,000 shares, at $100 per unit. The proceeds—$100 per unit. Proceeds—For working capital. Office—Barrett, Haupt, & Co., New York.

Merrimack-Essax Electric Co. Feb. 13 filed 120,000 shares of common stock for subscription by stockholders of the corporation (par $7). Price—to be determined by competitive bidding. Initial bidder: First Boston & Co., New York. Underwriter—To be determined by competitive bidding. Proceeds—To be used to fund the company's expansion. Underwriter—None.

Merrill Lynch, Pierce, Fenner & Smith Inc. March 28 filed 5,000,000 shares of common stock for subscription by stockholders of the corporation (par $1). Price—to be determined by competitive bidding. Initial bidder: First Boston & Co., New York. Underwriter—To be determined by competitive bidding. Proceeds—To be used to fund the company's expansion. Underwriter—None.

Merrydale & Co., Inc., New York. April 1 filed 100,000 shares of common stock for subscription by stockholders of the corporation (par $1). Price—to be determined by competitive bidding. Initial bidder: First Boston & Co., New York. Underwriter—To be determined by competitive bidding. Proceeds—To be used to fund the company's expansion. Underwriter—None.

Michael Sarnoff, Inc., New York. April 5 filed 500,000 shares of common stock for subscription by stockholders of the corporation (par $1). Price—to be determined by competitive bidding. Initial bidder: First Boston & Co., New York. Underwriter—To be determined by competitive bidding. Proceeds—To be used to fund the company's expansion. Underwriter—None.

Michael Sarnoff, Inc., New York. April 5 filed 500,000 shares of common stock for subscription by stockholders of the corporation (par $1). Price—to be determined by competitive bidding. Initial bidder: First Boston & Co., New York. Underwriter—To be determined by competitive bidding. Proceeds—To be used to fund the company's expansion. Underwriter—None.
Washington National Development Corp. Oct. 3 (letter of notification) 300,000 shares of common stock of $11 of which $10,000,000 shares of common stock were offered publicly at $1.20 per share and 15,720 shares are to be offered to underwriters. Proceeds—To general corporate purposes. Underwriter—Washington, D.C., Underwriter—Wagner & Co., Inc., and Harriman Ripley & Co., Inc., New York.

West Coast Airlines, Inc., Seattle, Wash. Feb. 13 filed $800,000 of 6% subordinated debentures due 1983. Units of $100 principal amount of debentures and 25 common shares, at rate of one for each unit are offered to underwriters. Price—$120 per unit. Proceeds—To finance the acquisition of six new Fairchild F-27 "Friendship" aircraft. Proceeds will be used during 1968 and related costs. Underwriter—None.

Western Copper and Mining Co., (Canada) Aug. 14 filed 125,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For general corporate purposes. Underwriter—Shearson, Hammill & Co., Los Angeles, Calif.

Western Giant Oil, Inc. April 4 (letter of notification) 300,000 shares of common stock (par five cents). Price—$1 per share. Proceeds—For mining expenses. Offer—6721; Main St., Deadwood, S. Dak.


Prospective Offerings


Central Louisiana Electric Co. March 10 it was announced that this company plans to issue and sell $10,000,000 of first mortgage bonds due 1985. Proceeds—To repay bank loans and for other construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; White, Weld & Co.; and Dain, Webber, Jackson & Curtis (jointly). Offering—Expected in June.


Grace Line Inc. March 29 It was announced by Lewis A. Lapham, Presi- dent, that the company plans to sell $21,000,000 of government insured bonds secured by a first priority lien on equipment owned by Grace Line Inc., New "Santa Rosa" and "Santa Paula." Underwriters—Merrill Lynch, Pierce, Fenn & Smith; Paine, Webber, Jackson & Curtis; Smith, Barney & Co.; and F. Eberstadt & Co., all of New York.

Great Atlantic & Pacific Tea Co. Feb. 19 It was announced that a tentative offering of common stock is expected in near future. Underwriters—May need to be reorganized. The company proposes to sell its common stock to its stockholders.

Gulf States Utilities Co. (5/19) Feb. 28 it was reported company plans to issue and sell $30,000,000 of first mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenn & Smith and Lehman Brothers (Jointly); Stone & Webster Securities Corp. & Co. Bids—Expected to be received on May 19.

Hackensack Water Co. March 12, George H. Buck, President, said that company plans to sell its first mortgage bonds totaling $1,500,000. Proceeds—To be used for additions and improvements. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenn & Smith; Kidder, Peabody & Co.; Blyth, Eastman Dillon, Union Securities Corp. (Jointly); Lehman Brothers; Stone & Webster Securities Corp. & Co. Bids—Expected to be received on June 25.

Hawaiian Telephone Co. March 17 The company plans to offer $5,000,000 additional shares of common stock to stockholders. Proceeds—About $5,000,000, to be used for additions and improvements. Underwriter—To be determined by competitive bidding. Proceeds—Expected in June.

Illinois Bell Telephone Co. (5/29) March 25 It was announced the company plans to sell $7,500,000 of its common stock at the rate of one new share for each three shares held. Proceeds—To be used for additions and improvements. Underwriter—To be determined by competitive bidding. Proceeds—Expected in June.

Illinois Power Co. (5/20) Jan. 29 It was reported company plans to issue $25,000,000 of first mortgage bonds. Proceeds—To repay bank loans and for new construction.

Kansas Gas & Electric Co. March 31 The company plans to sell its common stock to the public. Proceeds—To repay bank loans and for new construction.

Kansas Power & Light Co. Feb. 14 It was announced, Chairman, announced that company plans to sell its common stock to the public. Proceeds—To repay bank loans and for new construction.

Kentucky Utilities Co. Jan. 21 It was reported, company may offer approximately 185,000 additional shares of common stock to its common stockholders on a 1-for-15 basis.

New York Public Service Co. (May 19) May 31 it was reported company may issue and sell $200,000,000 of government insured bonds, probably this fall. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Blyth, Eastman Dillon, Union Securities Corp. (Jointly); Morgan Stanley & Co.

Northern Indiana Public Service Co. March 15 It was announced company plans to sell an undetermined amount of 6% mortgage bonds. Proceeds—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Blyth, Eastman Dillon, Union Securities Corp. (Jointly); Morgan Stanley & Co.

Ohio Gas & Electric Co. (6/17) Feb. 3 It was reported company plans to issue and sell $50,000,000 of unsecured bonds, probably this fall. Proceeds—To be determined by competitive bidding. Probable bidders: Blyth, Eastman Dillon, Union Securities Corp. & Co. (Jointly); Morgan Stanley & Co.; Kidder, Peabody & Co.; Blyth, Eastman Dillon, Union Securities Corp. (Jointly); Morgan Stanley & Co.

Tuttle Engineering, Inc., Arcadia, Calif. Feb. 10, 1938. The company announced a corporation plan and issue in nearly $1,000,000 necessary to meet the requirements of the company and issue in nearly $5,000,000 of common stock. Proceeds—For working capital and other corporate purposes.

Union Electric Co., St. Louis, Mo. March 17, 1938. The company announced plans to market about $20,000,000 of common stock in the latter part of this or the first quarter of 1939. Proceeds—For construction purposes.


On April 11 it was reported that the company plans an offering of up to $250,000,000 of new securities. Underwriter.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Harriman Ripley & Co.; Inc.; Kidder, Peabody & Co.; and Security-Sykes & Co.; Bids—Expected to be received up to noon (EDT) on May 1.

Washington Gas Light Co. March 17, 1938. The company announced plans to issue and sell up to $1,000,000 of new securities, which may include some new bonds. Underwriters—Johnston, Lemon & Co., Alex. Brown & Son, Aichinocik, Parker & Read, and F. A. Johnson & F. C. Winship. Plans—Projected to begin in early Spring.


Wisconsin Power & Light Co. March 17, 1938. It was announced that the company plans to issue and sell up to $1,000,000 of new consol. bonds. Underwriter.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Smith, F. B. Isbell & Bros., Inc.; and Salomon Brothers & Co. (Jointly). Bid—To be received not later than May 1.

Wisconsin Power & Light Co. (5/9-27) It was announced that plans to offer to its common stockholders the privilege of subscribing for up to $2,111,221 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—For general corporate purposes and for construction program. Underwriters—Smith, Barney & Co., and Robert W. Baird & Co. Estimated to be completed early in May.

Wisconsin Public Service Corp. March 4, 1938. It was announced that the company plans to sell off about $12,500,000 of securities in the last half of March. The type of securities has not yet been decided. Underwriter.—To be determined by competitive bidding. Probable bidders: (1) For ordinary stock—Halsey, Stuart & Co.; Inc.; White & Co.; and The First Boston Corp. (2) For preferred stock—Merrill Lynch, Pierce, Fenner & Smith; Eastman Dillon, Union Securities & Co.; and Salomon Brothers & Hutton Co. (Jointly). (3) For any preferred stock—Merrill Lynch, Pierce, Fenner & Smith; Eastman Dillon, Union Securities & Co.; (jointly); Lehman, Kuhn, Loeb & Co.; (jointly); Washington National Securities Co.; (jointly); White, Weld & Co.; Kidder, Peabody & Co.; and Security-Sykes & Co.; Bids—Expected to be received sometime in April.

Worcester Gas Light Co. April 14, 1938. The company may issue and sell up to $5,000,000 of first mortgage bonds. Underwriter.—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Coiff & Burr, Inc.; Kidder, Peabody & Co.; and White, Weld & Co. (Jointly). Bids—Expected to be received sometime in April.

And, of course, the Australian Commonwealth will be on the market unless there is a change in present plans.

James Talcott, Inc. Advances Four Officers. The election of Herbert R. Silverman as President of James Talcott, Inc., as the result of an amalgamation of financing and factoring firm, has been announced by James Talcott, Chairman of the board and grandson of the founder, following the regular annual meeting of the company’s board of directors. Mr. Silverman is the former President and Treasurer, and continues as Chairman of the Board and Chief Executive Officer.

Three other executive changes were made at the same time. Hooker Talcott and Emanuel P. Grazer were elected vice presidents and continue as Secretary and Executive Vice-President, respectively; Robert McLaughlin, Robert A. Follett, and Walter H. Whipple were elected Treasurer and continues as Vice-Presidents.

James Talcott, Inc., one of the oldest and largest firms in the field of factoring and factoring, was established in 1854 by the founder and present Chairman. During the past century the company has evolved from a New England textile mills into a leading factor in foreign commerce, with sizable investments in growth companies in nearly every basic industry in the country.

McLaughlin, Kaufman Formed in New York. Announcement was made of the formation of McLaughlin, Kaufman & Co., members of the New York Bar. The office of McLaughlin & Kaufman, at 52 Wall Street, New York City, is under the presidency of Bernard Kaufman, vice presidents are A. T. Kaufman, John F. McLaughlin, Frank J. Brady and Cyril J. Andrews.

Gradation to Admit. CINCINNATI, Ohio, May 1, 1938.—James L. Jr. will become a partner in W. D. Gradson & Co.; Dixie Terminal Building, members of the New York and Cincinnati Stock Exchanges.
### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:
- Indicated steel operations (per cent capacity)... April 26
- Steel-strip imports and exports (net tons)... April 26
- Steel mill production:Average January
  - Crude steel—domestic output—daily average (tons)
    - April: 7,558,135
    - March: 7,214,100
    - February: 7,172,100
    - January: 7,360,135
  - Cast steel—domestic output—daily average (tons)
    - April: 7,558,135
    - March: 7,214,100
    - February: 7,172,100
    - January: 7,360,135
  - Sheet steel—domestic output—daily average (tons)
    - April: 2,320,100
    - March: 2,320,100
    - February: 2,320,100
    - January: 2,320,100
  - Scrap steel—domestic output—daily average (tons)
    - April: 1,420,100
    - March: 1,420,100
    - February: 1,420,100
    - January: 1,420,100
  - Stocks at refineries, back terminals, in transit, in pipe lines, etc., April 26
    - Kerosene (bbls.): 51,850,000
    - Distillate (bbls.): 28,500,000
    - Petroleum (bbls.): 35,831,000

#### AMERICAN PAPERBOARD ASSOCIATION:
- Number of purchasers... April 26
- Total revenue of Group... April 26

#### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING
- Total U. S. construction... April 26
- Public construction... April 26
- State and community... April 26
- Federal... April 26
- Commercial... April 26
- Miscellaneous... April 26

#### DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM
- New York City... April 22
- Chicago... April 15
- Boston... April 8

#### EDISON ELECTRIC INSTITUTE:
- Sales (in ODD-DAYS)...

#### FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, SYSTEM—1947-49 AVERAGE (1837-1946)
- Number failures...
- Number failures (per cent)
- Average (200)

#### GOVERNMENT BOND YIELD DAILY AVERAGES:
- D. C. Governmount Bonds...
- Average corporate...
- Average municipals...
- Average utilities...
- Average average...

#### NATIONAL PAPERBOARD ASSOCIATION:
- Stock production...
- Net purchases...
- Net sales...

#### PAPERBOARD INDICES
- United States...

#### MEETINGS OF THE BOARD OF DIRECTORS
- Meeting of the board...

#### STEEL-PRODUCING AVERAGES
- July to June...

#### ROUND-LOT SALES RECORD—March 1947
- Short sales...
- Long sales...
- Total sales...

#### UNEMPLOYMENT INDICES—U. S. DEPT. OF LABOR (1941-49):
- Civilian unemployment...
- Civilian labor force...
- Labor force...

#### BUILDING PERMIT VALIDATION—REPUBLIC & BRADSTREET, INC.—115 CITIES—Month of January
- New dwelling units...

#### BUSINESS INVENTORIES—DEPT. OF COMMERCE—FIRST WEEK OF FEBRUARY
- Number...

#### COMMERCIAL AND INDUSTRIAL CASH DIVIDENDS—PUBLICLY REPORTED BY BRADSTREET
- Dividends...

#### UNITED STATES GROSS DEBT DIRECT AND GUARANTEED...
- As of March 31

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### Table: Round-Lot Stock Sales on the N. Y. Stock Exchange

<table>
<thead>
<tr>
<th>Description</th>
<th>Latest Week</th>
<th>Previous Week</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short sales</td>
<td>3,949,900</td>
<td>4,349,900</td>
<td>51,678,000</td>
<td>111,820,000</td>
</tr>
<tr>
<td>Long sales</td>
<td>3,715,900</td>
<td>3,715,900</td>
<td>71,900,000</td>
<td>321,160,000</td>
</tr>
<tr>
<td>Total sales</td>
<td>7,665,800</td>
<td>8,065,800</td>
<td>123,578,000</td>
<td>433,980,000</td>
</tr>
</tbody>
</table>

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### Table: AMERICAN HOME LAUNDRY MANUFACTURERS ASSOCIATION—Month of February

<table>
<thead>
<tr>
<th>Description</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total home laundering and mill sales</td>
<td>368,000</td>
<td>368,000</td>
</tr>
<tr>
<td>Commercial laundries and mills</td>
<td>368,000</td>
<td>368,000</td>
</tr>
<tr>
<td>Residential laundering</td>
<td>3,000</td>
<td>3,000</td>
</tr>
</tbody>
</table>

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### Table: AMERICAN RAILROADS: Revenue traffic handled (billion of cars)

<table>
<thead>
<tr>
<th>Description</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traffic moved</td>
<td>48,000,000</td>
<td>48,000,000</td>
</tr>
</tbody>
</table>

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### Table: AMERICAN PETROLEUM INSTITUTE—Month of December

<table>
<thead>
<tr>
<th>Description</th>
<th>Latest Week</th>
<th>Previous Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic crude oil output (bbls.)</td>
<td>194,000,000</td>
<td>194,000,000</td>
</tr>
<tr>
<td>Processed products (bbls.)</td>
<td>321,182</td>
<td>265,719</td>
</tr>
<tr>
<td>Refined products (bbls.)</td>
<td>265,719</td>
<td>214,000</td>
</tr>
<tr>
<td>Distilled consumption (bbls.) and exports (bbls.)</td>
<td>265,719</td>
<td>214,000</td>
</tr>
<tr>
<td>Full sales (bbls.)</td>
<td>265,719</td>
<td>214,000</td>
</tr>
</tbody>
</table>
Investment Trust of Boston

The Investment Trust of Boston declared that in the nine month period, May 31, 1957 to Feb. 29, 1958, total net assets fell from $43,358,144 to $38,171,855. Unrealized profits decreased by $2,962,894 while realized profits totaled $601,782. Gross income in the nine months amounted to $1,324,895 while expenses totaled $174, 197. Net income totaled $1,149,748.

In the three months prior to Feb. 28, the fund added to its holdings of American Motors, 1958, Copper, 78, $601,782.

Motors, 1958, Copper

Mutual Funds

BY ROBERT R. RICH

Do not Sell America Short, Says Hugh Long

At the 26th annual shareholder meeting, Hugh W. Long, President of the Mutual Investors, Inc., said: "If Hip Van Winkle had fallen asleep in 1948 and awakened today, he'd think America had returned to the industrial boom.

Mr. Long, in contrasting today's statistics with those of a decade ago, said that "conventional figures and general business conditions would have them plodding slowly to get down to the peaks of ten years ago."

Specifically, he cited the following since 1948:

- Industrial production has risen 26%.
- Retail sales have increased some 56%.
- Disposable personal income has risen 68%.
- Electric power production has increased more than 120%.
- "Personal savings have risen by more than 200%.

Mr. Long said that every element of the cycle has not recovered from its economic effects. The securities markets re¬jected this fact in the last half of 1957. But a careful ex¬amination of the calendar does not show a change in timing investing procedures. It does not invalidate principles of long-term investing which have been aptly stated as to when, how, and in what proportions as to when the current recession will come to an end. Mr. Long stated, "We leave the field open to those who believe in the short-term consequences.

The argument that America's growth is a thing of the past but one recourse—"to take to the hills and become an eco¬nomically self-contained"—not investing any way to the economic life of the country, but merely preserving what he has. If enough people follow this path, we shall find a certainty. We do not believe that our country's long-term dynamic growth has come to an end.

Mutual Funds In Quarter In Assets, Prices

Chemical Fund, Inc., one of the oldest and largest mutual funds investing in atomic fields, reported increases in net assets, market value per share (adjusted for capital gains, dividends, etc.) for the period, bringing the total to $133,207,000.

The fund is cited as 26 years old on July 7 of this year, had net assets of $143,379,000 at March 31, 1957. On the subsequent monthly reported increase of $133,207,000 a year ago. Net asset value per share increased 2.5% over the 12 month period (adjusted for a 56-cent capital gains dis¬tribution).

Chemical Fund, Inc. has a decline in the general market as evidenced by the Dow-Jones Industrial Average.

Net asset value (per share) was equal to $18 (40 cents). For this period reported increases in net assets prices have increased 7.0%. Sales of new shares to the investing public for the quarter were $10,161,000.

Missile Funds To Exceed $5 Billion

Expenditures for missile programs have passed the $2.5 billion per-year mark and by 1959 Na¬tional Security<Vecs have mounted $5 billion. At the start of the operations. The first quar¬ter figures showed that the operations were the same as in the first quar¬ter of 1957. Mr. Long feels that this is not enough for the Mutual Fund. Director of Kid¬dell, Peasony & Co., members of the Board of Managers.

Mr. Woodford A. Matick, who recently resigned as Secretary of the Board of Managers, will continue to be associated with the company as a sales consultant.

Group Securities

Stresses Low-Risk Defensive Stocks

The Fully Administered Fund, Group Securities, Inc., leading mutual fund, in which low-risk defensive type stocks have been emphasized during the current adjustment period. The fund further in¬creased this type of holding during the first quarter of 1958 to 78.5% of its total assets,

The extent to which this type stock has been favored under its manager's direction, is indicated by the rise of 9% in the per share net worth of the United States Steel Corporation from the first quarter, as compared with a gain of about 6% in the general market average.

At the end of the first quarter the Fund was 27.24% invested in a timely investment suggestion.

BROAD STREET ASSETS AT ALL-TIME HIGH

Net assets of Broad Street Investment Corporation rose to $102, 460,150 at March 31, a record for the firm. In December, 1957, it was announced by Mr. Martin. To add to the Board and President. This figure compared with $94,823,000 at the December 31, 1957, adjusted for the December distribution of 47 cents from gain realized on investments.

The Corporation, now in its 26th year, has made a quarter dividend on March 31 to maintain a record of continuity. Annual dividend, one of the important dividends of the year, will be paid to shareholders.

"We are very glad to report that the fund has been able to maintain a steady dividend, but it has not been easy. We have been working hard to maintain a steady dividend, but it has not been easy. We have been working hard to maintain a steady dividend, but it has not been easy. We have been working hard to maintain a steady dividend, but it has not been easy. We have been working hard to maintain a steady dividend, but it has not been easy. We have been working hard to maintain a steady dividend, but it has not been easy. We have been working hard to maintain a steady dividend, but it has not been easy. We have been working hard to maintain a steady dividend, but it has not been easy. We have been working hard to maintain a steady dividend, but it has not been easy. We have been working hard to maintain a steady dividend, but it has not been easy. We have been working hard to maintain a steady dividend, but it has not been easy. We have been working hard to maintain a steady dividend, but it has not been easy. We have been working hard to maintain a steady dividend, but it has not been easy.
Merrill Lynch Reports Record Gross Revenue

Net income in fiscal year ended Feb. 28, 1958, of $4,786,000 reflects 6% gain over previous year. Findings do not include opinion that 72% believe a Democrat will be elected President in 1960.

The nationwide investment firm of Merrill Lynch, Pierce, Fenner & Smith had record gross earnings in the fiscal year ended Feb. 28, and all of it is set aside for educational, religious, charitable and organizational purposes. Together with contributions of $500,000, this means $1,439,000 of firm funds for the fiscal year will go to philanthropy. This does not include the personal contributions of individual partners.

During the fiscal year the firm handled 12.6% of all public round-lot business on the New York Stock Exchange, compared with 16.5% above fiscal 1957.

An unusual feature of the annual report is the results of an investor survey made by the firm. Mr. McCurdy said: "We have just completed what we believe to be the largest, most comprehensive survey ever made of the attitudes, activities, and aims of United States investors.

Merrill Lynch mailed almost 500,000 questionnaires to its customers and received 425,000 returns for a 125% response. The following are some important highlights of the survey:

(1) The majority of Merrill Lynch customers (56%) listed "protection of capital" as the primary investment objective; "Safety of capital" was second with 72% of the customers and "Income" was third choice.

(2) More than half of the 125,000 respondents who replied ($1,400 to $1,999) bought their first corporate security in 1959 or later.

(3) About one-third of the investors who made more than one purchase a year indicated that the first three purchases of the year were made at prices below $50 per share, and 75% of the respondents indicated that they were more likely to invest in securities if the price was below $40 per share.

(4) The number of investors who did not invest in new issues of corporate stock was 90% in the first three months of 1957 compared with 50% in the first three months of 1958.

(5) As with general business activity, most customers expected the market in the first half of 1958 to be about the same as in the last two months of the last, two-to-one to below the market of 1957.

The board of directors of the company, which has been elected President and Vice-President, will not be elected to office of Board Chairman of the firm. Mr. Darby said: "We have just completed what we believe to be the largest, most comprehensive survey ever made of the attitudes, activities, and aims of United States investors.

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(4) The number of investors who did not invest in new issues of corporate stock was 90% in the first three months of 1957 compared with 50% in the first three months of 1958.

(5) As with general business activity, most customers expected the market in the first half of 1958 to be about the same as in the last two months of the last half of 1957.
WASHINGTON, D. C.—Vice-President Richard M. Nixon, the strong “vice commander” of the Eisenhower Administration, is getting ready to leave on an important good will tour of Latin America. Accompanied by Mrs. Nixon, he will leave April 24 and is scheduled to return on May 15.

The Vice-President, who will carry messages from President Eisenhower, will make a series of talks and will not make a major speech. In all the capital cities he will visit, he will meet with the heads of states of those countries.

It is an important trip from the standpoint of friendly relations. President Eisenhower asked the Vice-President to make the trip. Before leaving for the visit to the Southern countries, however, more and more Americans are traveling more and more dollars. Mr. Nixon will address the American Newspaper Publishers next week (April 21) in New York.

The New York speech and the new assignment to Latin America fit into the overall pattern of the Vice-President’s policy, Mr. Nixon is playing. There is no question but that he is the most active Vice-President this nation has elected. Mr. Eisenhower has leaned heavily on him, because he has complete confidence in the Californian.

Political Status Growing

Special attention has been given by the assignments for the Chief Executive of the United States to the Vice-President is doing things, besides presiding over the make-up of the Cabinet. Mr. Nixon is beginning to grow in political stature, particularly with the members of his own party.

The Vice-President likewise has found that he must be in a position to be ready to support any of the professional Democrats in Washington and elsewhere who still look at him with jaundiced eyes. The present Vice-President comes nearer hating Mr. Nixon, than both personally and politically, than probably any American citizen.

Deputy Truman’s Charge

Ex-President Truman says that the Vice-President never has apologized for hinting that he (Truman) was a” traitor,” in all the Communist infiltration in the Democratic administration during and immediately after World War II.

Friends of the Vice-President have said publicly and privately the Vice-President never levelled such a charge at Mr. Truman. Nevertheless, sharp-tongued Mr. Truman has refused to participate in any function where the Vice-President appears on the same platform. The breach, as far as the ex-President is concerned, is so deep that it can never be patched up.

Some friends of Mr. Truman have suggested that the two men got together and patch up their personal differences, perhaps, with the President. On the other hand, Mr. Nixon has not been convinced by the actions of Mr. Truman, according to some of his childhood friends.

The truth of the matter is Mr. Trumans has little, if any respect for President Eisenhower. There are several reasons involving the mighty game of Presidential politics.

Vice-President Nixon has become the chief whispering boy of one wing of the Democratic party. He has been an effective spokesman, and, since 1952, it has pitched some of the Democrats, particularly the Northern wing, into despair.

Much in Demand

Perhaps more than the President himself, Vice-President Nixon is currently receiving speaking invitations at the rate of one per day. The American people know that General Eisenhower’s health restricts his appearances, and they think the Vice-President is strong and can make several speeches a day, if necessary.

However, the real truth is, no matter how many invitations come from people who are friendly to him, the Republican party’s Presidential nominee in 1960, and many of them expect him to be the next President of the United States.

The little wonder, Mr. Nixon has grown in stature.

Africa’s Great Potential

The American business man, anxious to make investments in Latin America, Canada or Africa, have learned from experience, a good lesson in economics. For instance if they are going to manufacture goods or drill for oil, or carry on mining operations, they must have local participation, if not local control, before they make their investments. It has proven to be smart business, because foreign governments are not apt to rise up and drive out foreign minority investors.

The “Red” Menace

At the same time officials and business men warn of the red menace that is rising in Africa. Soviet Russia is moving in. Russia is opening trade negotiations and trade relations with the various provinces. Apparently Russia is preparing to invest money in developing mineral resources. Africa is also wealthy in water and timber.

Many Americans will be surprised to learn that marked Soviet-American settlement lies in Liberia. The head of the government in that republic speaks English and German, and he is a very good or better than your next door neighbor.

Most of his higher education was obtained in Washington, D. C. For some reason, however, he does not appear to like the United States, which played a large part in founding of this republic of 43 million square mile.

Meaning, as officials of the United States Government turn their eyes toward Africa and its possibilities, they are more concerned with Russia’s economic penetration than they are toward Russia’s military threat. They fear that a red economic menace is rising and will get stronger.

[This column is intended to reflect the “behind the scene” interpretation from President’s Capital and may or may not coincide with the “Chronicle’s own views.”]