OVER-THE-COUNTER MARKET FEATURED IN THIS ISSUE

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EDITORIAL

As We See It

One of the oddest arguments now being employed in support of a massive program of pump priming, tax cutting, credit tinkering and the Lord knows what else is the plea that we must at all costs avoid feeding the Russian propaganda machine. One of the leading charges the Kremlin is constantly bringing against capitalism, so say our economic interventionists, is that it breeds devastating depressions. If now we enter into a prolonged period of high unemployment and general economic distress, that fact will be used with damaging effect among the under-developed and so-called neutral countries of the world, so the reasoning runs. We must, therefore, at whatever costs or risks move with a sense of urgency to see to it that business soon resumes its former rather exaggerated rate of activity, we are told.

Two basic fallacies underlie this type of reasoning. One of them is that our struggle against the Kremlin type of state capitalism and aggressive imperialism is a strictly temporary affair, which would no longer be with us when the adverse effect of New Deal nostrums arrive to furnish the Kremlin with better ammunition than it now has. Another error lies in an implicit assumption that the nostrums being suggested really would prevent the development of a deeper and more prolonged recession — regardless of what the long-term effect would be. Of course, there is no evidence whatever to lead one to suppose either that the dictatorship in Russia is going to collapse or that the leopard will presently change his spots—or cease his propaganda efforts in troubled parts of the world. Neither does history or careful reasoning give any assurance

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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 now in placing recovery ahead of inflation and in being able to act resolutely against inflation should it reappear in the future.

After a prolonged period of full employment and economic growth terminating in an inflationary boom, such as the years 1955, 1956, and the first half of 1957, general business recession serves a useful purpose. Excessive inventories are liquidated. Unwise expansion programs are trimmed. Business management becomes more efficient in a period of narrower profit margins. Labor productivity rises as jobs once more become harder to get and worth holding. Inflation of the price level is halted, or at least brought to a slow creep. The whole ship of state gets refitted and sets course for another journey into the unknown seas of economic expansion. While these readjustments are going on, it would be a mistake for the Federal Government to step in with strong economic stimulation. If government prematurely seeks to end a recession, it will merely perpetuate the maladjustments of the boom. This is the

Neil H. Jacoby

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*An address by Dr. Jacoby before the United States Savings & Loan League, Beverly Hills, Calif., April 11, 1958.

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

By DR. IRA U. COBLEIGH

Enterprise Economist

In terming the Over-the-Counter Market the most dominant factor in the nation's economic life, Dr. Cobleigh provides the reader with an illuminating analysis of 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-

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SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 70.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Frigikar Corporation—D. F. Anderson, Vice-President, Muir Investment Corp., San Antonio, Tex. (page 2).

Home Insurance Co. — W. Cabell Hopkins, President, First Southeastern Corp., Columbus, Ga. (page 2).

D. F. ANDERSON

Vice-President, Muir Investment Corp.
San Antonio, Texas

Frigikar Corp.

The security I like best is the common stock of a small and young Texas corporation which has been striving mightily, and with good success each year, to become *big* — big, in the Texas manner, of course.

Incorporated in 1954, and under the direction of a new management, Frigikar Corporation became the successor to a partnership business created in 1949. At that time the company produced a few parts for, and completely assembled and distributed, several different models of under-dash and trunk-installed refrigerated air conditioning units for automobiles and trucks.

The business was profitable from the start and the company quickly established itself as a leader in its field. Each succeeding year the current year's newly engineered, restyled, and improved models have produced greater sales and larger per share profits than those of the year before.

About midyear 1956, through an exchange of common stock, the company acquired as a wholly-owned subsidiary, Reliance Engineering and Manufacturing Co., a San Antonio corporation better known as REMCO, which is the leading stainless steel fabricator in the Southwest. This subsidiary manufactures hospital and photo-lab cabinets and appliances, restaurant and milk storage equipment, milk tank trucks and other stainless steel products, usually under contract for a major company.

The merger was a good one for both companies. It enabled Frigikar to gain independence in part from seasonal product disadvantages and to add stability to earnings. To Remco, which operates on a "completed contract" basis, it gave ample cash resources to pay current bills while finishing long-term projects.

Frigikar Corporation was initially capitalized with an authorized capital stock of 250,000 shares of $1 par value. In 1954 there were issued and outstanding 173,000 shares of which 60,000 had been sold to the public at $5 a share. In 1956—before the Remco merger—the common stock, then quoted around $10 a share, was split two-for-one. Thereafter 114,000 shares were transferred to the private owners of Remco for its properties and business. There are today 460,000 capital shares issued and outstanding, of which approximately 40% are held by persons in the management. Per share earnings have climbed from seven cents per share in 1954 to a conservatively figured 93 cents in 1957. Plow-back of earnings has been substantial. Nevertheless, dividends at all times have been kept liberal in relation to the stock's steadily climbing market price. Distributions have been larger each year than the year before.

But, all this is history. One buys a stock for what it can be expected to do—not for what it has done. And that brings me to the reasons why I call Frigikar Corporation common "the security I like best."

Although the company has had a short history, and only part of that under an adverse business climate, the record is long enough to attest reliably that the company's progress has not been fostered by "luck," but by management's abilities and money-making policies. The management has continuously and carefully kept close control over its costs, economizing whenever it could. Remco, for example, now makes many parts formerly bought from independent suppliers and as a result this year's improved air conditioners cost 15% less to make; and of this saving 10% is being passed on to customers through unit price reductions.

The products the company makes are competitive in price and quality, and are needed and wanted by many people, with a vast market remaining to be served. Current orders, by the way, are substantially ahead of those on the books at this time last year.

The aggressive policy of product diversification through research, merger, and acquisition of exclusive manufacturing rights is opening up still other huge and untapped markets.

As an example, the company has just signed an exclusive contract to manufacture, on a very favorable "cost-plus" basis, a new tamper-proof fuel meter device which trucking and leased car concerns can install on vehicles to prevent overcharges through bill "padding" in connection with gasoline purchases by drivers or lessees. While the marketing of this meter is still being pioneered, there has been enough customer interest to encourage a close observation of developments. From a profit standpoint, this device *could* become the tail-that-wags-the-dog.

Plant expansions and further merger possibilities on the horizon offer promise of even greater product diversification and profit progress. Remco, if expanded, could take on a great deal of business it now must defer or turn away. Enlargement of its plant is being compelled by popular demand for the company's services.

And, most important to the investor, the management has repeatedly shown awareness that the business is run for the profit and benefit of everyone connected with it — including that ofttimes last considered group—the stockholders. As the company has achieved repeatedly higher profit goals, the shareholders' rights to participate in *gains* as well as in risks have been acknowledged by payment of larger and "extra" cash dividends and also by intelligent reinvestment of retained earnings in plants and equipment to broaden the base of future years' earnings and to hold the company's competitive advantages.

Present stockholders owe the "paper profts" on the Frigikar shares they hold to the management's conscious efforts to increase stockholder benefits on a *per share basis* as the company demonstrates ability to make more and more money.

The stock has a nationwide dealer following. It's market price, supported by earnings and in anticipation of even greater earnings, has tended to move upward against the trend of a generally declining stock market.

In sum, I like this stock for speculative stock buyers who are willing to look forward 12 to 24 months, because I believe that, on the company's merits and if profits climb as appears likely, the stock should continue to gain in price. My confidence rests chiefly on evidence that this interesting and well-run little company has a habit of making its own future. The stock is traded in the Over-the-Counter Market.

W. CABELL HOPKINS

President, First Southeastern Corp.
Columbus, Ga.
Members New York Stock Exchange

Home Insurance Company

I have selected Home Insurance Company as the security I like best because it combines the advantages of a good quality income stock with the possibility of substantial capital gains. This company is 105 years old and has an unbroken dividend record going back 85 years. At its present price of approximately 41, the stock yields 5% and is selling at only 50% of its liquidating value. It appears to fit particularly well into the present market situation as the company sells a product (insurance) that is essential and little affected by general business conditions.

W. Cabell Hopkins

During 1957 the Home Insurance Company (Fire Insurance) and the Home Indemnity Company (Casualty Insurance) showed a combined underwriting loss of $15,389,000 compared with a loss of $17,731,000 in 1956. Income from investments reached a new high of $3.68 per share on the 4,000,000 shares outstanding. This was up from $3.54 a year earlier and continued a growth in investment income shown over many years. The possibility that the loss in underwriting can be turned into a gain gives interest to this situation.

On the basis of premium volume, Home is the largest fire insurance company in the country. During 1957 premiums were received as follows:

Fire	39.11%
Automobile	18.84
Extended Coverage	13.78
Fidelity, Surety, Casualty	7.72
Inland Marine	7.59
Ocean Marine	4.37
All Other	8.59

The company is required to set up a "reserve for unearned premiums" as they are written and to show earnings only as they accrue. As of Dec. 31, 1957, this reserve amounted to $210,000,000, almost exactly equal to the capital and surplus of the company. These reserves are of course invested in marketable securities, earnings from which accrue to the stockholders. Thus "marketable securities" held at the year end amounted to $427,732,000, compared to capital and surplus of $210,371,000.

The fire and casualty insurance underwriting business tends to be cyclic since rates are adjusted periodically to reflect the profit or loss experience of the industry. At present we appear to be at the bottom of the cycle since losses in the past five years, particularly in the past two, are about the heaviest on record. It would seem that an upward revision of rates to reflect this immediate past ex-

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Outlook for Our Economy

By HAROLD B. 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 head finds downward business and employment trend is still in effect and, though 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 found to be one of the reasons why it is difficult to determine the time and level of the recession's low point. Mr Dorsey anticipates that in due time the negative non-monetary forces will succumb to stimulating effects of easier credit but is 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 analysis of individual securities are influenced to a very considerable degree at this juncture by these questions:

Harold B. Dorsey

(1) What economic forces are going to cause the formation of the right bank of the current recession valley?

(2) When is that right 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 can be found almost every day on the front-pages of the metropolitan newspapers. However, such discussions are really not worth very much unless there is evidence of a thorough understanding of the maladjustments that tne current recession is in the process of correcting.

For example, public attention probably is focused most sharply on unemployment, but unemployment is the result of slackening 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 with last September the Federal Reserve Board index of industrial production ranged between 141 and 147, with the single exception of the strike month of July 1956. Throughout that some period the labor force was occupied at a very high rate. Physical and human capacities of the economy were being utilized so completely that an inflationary wage-price spiral was being nourished. Rising interest rates were giving clear warning that the economy's loss of financial liquidity was reaching serious proportions.

Whether or not one recognized these maladjustments when they were in the process of being created, in retrospect it is easy to see the excesses that were an integral part of the peak rate of activity a year or so ago. An understanding of those excesses must necessarily be a prerequisite for appraising the current situation. Failure to adopt that viewpoint led to the erroneous "automatic bounce" pattern of business analysis.

Questions Automaticity of Recovery

Within very recent weeks, especially in Washington, I have found a surprising amount of disillusionment among those who believed that business activity had to recover as an automatic reaction to the fact that it was being depressed. For example, by this time automobile sales, steel production, carloadings, etc., should have registered an automatic recovery. That kind of thinking could not have reckoned with the basic causes of the recession—causes that were created in the preceding period of boom.

In retrospect, it is not at all difficult to realize that there was a bubble on the two-year boom ending last August. The bubble was made up of excessive expansion of the facilities for production and distribution. It included a rate of demand for goods and services that could only be accomplished by a rate of spending that was substantially in excess of the economy's current earning power. The bubble was both the cause and the effect of excessive demands for credit which collided with the fact that the economy's loss of financial liquidity had finally reached a state of deterioration that functioned as an automatic brake on the excesses.

In brief then, the left-hand bank of the current recession valley was really higher than it should have been, even after allowing for long term growth trends of population and in the standard of living.

I know that it is boring to be repetitious, but I insist on emphasizing my view that you cannot possibly analyze the current business situation and its outlook unless you have a very clear understanding of the quality of the motivating forces that made up the left bank of the current recession. It is against that background that the sequence of causes and effects becomes meaningful in our diagnosis of the prospects for earnings determinants and the

Continued on page 64

*An address by Mr. Dorsey before the New York Society of Security Analysts, New York City, April 14, 1958.

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"THE OVER-THE-COUNTER MARKET: VAST, VITAL AND VOLUMINOUS"

ARTICLE starting on the cover page, "The Over-the-Counter Market: Vast, Vital and Voluminous," discusses the investment opportunities inherent in securities available only in the Over-the-Counter Market as exemplified in the tabulations showing the names of banks and companies which have paid consecutive cash dividends for 10 to 174 years (Table I, page 35) as well as those in the 5 to 10-year category (Table II, page 54).

Articles and News Page

About the Chemical Industry

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Observations . . .

By A. WILFRED MAY

THE PLANNERS AGAIN OFF-THE-BEAM

At the Waldorf-Astoria luncheon opening the current Savings Bond campaign a member of Treasury Secretary Anderson's top-level committee, who happens to be engaged in the consumer area of the economy, expressed privately to this writer the frankly self-interested hope that the public would not go along with the savings drive. Others also, although traditionally advocates of fiscal soundness, are now advocating that the Treasury's slogan be temporarily changed to "Spend Now; Buy Bonds Later." This conflict was reflected in President Eisenhower's press conference of last week when a venturesome reporter caught him in-the-middle between the "Buy Now" and "Save Now" cheer-leading.

A. Wilfred May

Also manifesting inconsistency with the thrift exhortation is the nationwide "Confidence in a Growing America" campaign being launched by the Advertising Council (which organization, as it happens, has patriotically furthered past Savings Bond Drives). On the credo that "recession begins and ends in the minds of men," this top-flight group of industrial leaders is setting in motion a four-month advertising and public relations program to loosen consumers' pocketbooks.

The followers of such "sunshine" philosophy, who hold the premise that normal economic processes can be eliminated by persuasion techniques, are somewhat short on the relevant facts. While the psychological aspects are of course important, surely it is the consumer's usable car or (car-s) and other durable goods in his back yard and kitchen, rather than fear, that keep him from rushing out to buy more.

And the pro-spenders' worry over bond savings is largely unjustified. The consumer's cash going into the Government's Bonds actually is not sterilized but is directed into the spending stream, via Federal expenditures — these, along with the certificates in the individual's hands, providing a double-barreled spending mechanism. This process is enhanced by the present experience indicating that long-term past buyers of the Bonds compose a goodly proportion of our present cash spenders.

Tax Imponderables

The controversial discussion surrounding proposed tax reduction similarly highlights the difficulties involved in gauging the high economic results of planning —in this instance of judging taxation as an instrument of high economic policy rather than as a revenue producer. If a cut is expected to be in effect for only a short-term, the recipients may feel more inclined to retain the "bonus" in their pocket than to spend it. If the tax remission should prevail over the long-term, the effect on the budget is generally presumed to be dangerously inflationary.

On the other hand, it is maintained by some, including the voluble British-Australian economist Colin Clark in a talk here this week, that because of its impact toward cost reduction, a tax cut will be de-flationary. Others support their non- if not anti-inflationary interpretations of a tax cut on the grounds that actual loans from the banking system and not merely Government borrowing galvanize inflation; that the size of any tax cut is insignificant in comparison to the economy's slack in demand; that the mainspring of inflation is not consumption but wage spiraling and administered prices; that the increased production which will be stimulated will entail counterbalancing deflation; and, empirically, that previous budget deficits have been accompanied by price stability. (Adding to the confusion, of course, is the unprecedented, but continuing rise of prices in the face of recession.)

Even the suggested lifting of the auto excise tax as a temporary economic stimulus is revealing its drawbacks. Already the suggestion is deterring would-be and might-be car buyers; and over the long-term the effect on the industry might be merely palliative when it needs thorough overhauling of its pricing and distribution policies.

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 statesmanlike aegis of conscientious Chairman Martin, it is castigated alike by critics running the gamut from the hard money-ites of "the right" to the political fireballers like Mr. Truman who even charge its efforts toward soundness with violating the Full Employment Act. The former complain that it acted too timidly and late in applying its restrictive measures. To the others, it is of course being blamed for first having tightened credit and then for unduly delaying its reversal toward reflation. Still others question essentially, and quite rightly in the opinion of this writer, whether credit policy can cure the maladjustments through over-expansion which have brought about our present troubles —at least without bringing on even greater ones.

To the plethora of considerations and controversies surrounding our central banking policy, as demonstrated in the most favorable possible light under two Administrations, does not the valid net conclusion lie in the concrete revelation of the impossibility of substituting monetary management for the forces of a reasonably free market? As this Recession-Depression is demonstrating ever more vividly in all sections of the economy, it is the "do-something" approach rather than the details, that is the root of the frustrations.

* * *

IS THAT PROP SO CERTAIN?

In view of the general reliance on population growth as chief assurance of our economic "Golden Sixties," the following item elicits some concern on our part.

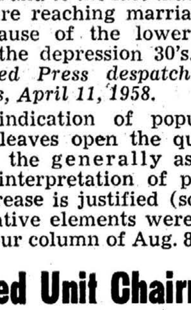
"A Chicago educator, citing the economic slump as a factor, says there are indications that the post-war marriage and baby booms have ended."

"Dr. Philip M. Hauser, Chairman of the Department of Sociology at the University of Chicago, said the nation's 1957 marriage rate of 8.9% for each 1,000 population was the lowest since 1933. He attributed the decrease to the recession and to the fact that fewer people are reaching marriageable age because of the lower birth rate of the depression 30's."—*An Associated Press despatch from St. Louis, April 11, 1958.*

This indication of population decline leaves open the question whether the generally assumed bullish interpretation of population increase is justified (some of the negative elements were itemized in our column of Aug. 8, last).

Named Unit Chairman For N. Y. Fund Drive

James Coggeshall, Jr., President and Director of The First Boston Corporation, is financial unit chairman in the publicly-owned corporations division of the 1958 Greater New York Fund compaign. Mr. Coggeshall also is a director of the Commercial Credit Co. and the U. S. Life Insurance Co.



Jas. Coggeshall, Jr.

With Rockwell-Gould

ELMIRA, N. Y.—Robert D. Erway, Sr., has become affiliated with Rockwell-Gould Co., Inc., 159-167 Lake Street.

The State of Trade and Industry

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

Sentiment in some quarters of government, business and industry hold that the recession is showing signs of leveling off, notwithstanding statistics on unemployment during March which continued to reflect a rise in the number of jobless and other unfavorable trade barometers.

Reporting this week on the steel industry, "The Iron Age," a steel trade publication, states that more steel men are beginning to believe that their market has at last touched bottom and that 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 get any worse, that good weather will bring a pickup in highway and other construction and that steel inventories of many of their customers have about 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 fell by two points in March to a level of 128% of the 1947-49 average. This is a drop of about 13% 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 industries, where the current recession has mainly centered, was at a slower rate than in other recent months. The seasonally-adjusted index for durable goods industries fell two points, compared with a five-point drop in February. The overall adjusted index declined to 130 from 133 in February. Non-durable goods industries' production continued to edge downward in March, the Federal Reserve Board declared, but minerals showed a substantial drop.

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

It adds that higher steel wages, which are scheduled to go into effect on July 1, probably will force a compensating hike in steel prices. Some mills already are operating in the red due to the low level of steel demand. Higher wages without higher prices would only add to the deficits, it pointed out, noting that the mills' contracts with the United Steelworkers union calls for wage and fringe hikes of 20 cents an hour by industry reckoning. This does not include a probable cost-of-living pay boost of at least two cents an hour.

"The Iron Age," added that both sides would like to do something about the wage-price situation, but are unable to. The contract with steel labor was negotiated after a five-week strike in 1956. It is a three-year agreement that will not expire until 1959.

"There is little or no chance that Dave McDonald, head of the steel union, will forego or modify what is coming to him under his contract, "The Iron Age," stated. As a realistic labor leader, he cannot afford to. Besides, he has his own troubles, and still remembers his close shave in last year's union election, when a virtually unknown steelworker piled up a substantial vote against him," this trade weekly observed.

The magazine said also that steel firms know from experience that holding the line on prices in the face of rising costs weakens their financial structure, but sells no more steel.

"The steel companies cannot forget the 1930s, when price cutting failed to increase demand for steel. Instead, one price cut fed on another. Steel users bought in dribs and drabs, waiting for still further price slashes. When the smoke cleared, the steel companies realized they had only hurt themselves," "The Iron Age" further commented.

Although it's not much to cheer about, more and more steel men are beginning to believe that their market has at last touched bottom. 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 from the automotive industry cannot get any worse; good weather will bring a pickup in highway and other construction; and steel inventories of many of their customers have about touched bottom.

This does not mean, says "The Iron Age," that there will be an overnight upturn in demand. Some high-placed steel men are convinced that the second quarter will be no better than the first, which was one of the worst in recent years. They do not look for much either in third quarter, but they do feel that the worst may be over. That they will at least hold their own from

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Chemicals Across the Board

By DR. IRA U. COBLEIGH
Enterprise Economist

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

Writing about chemicals is as difficult as describing the rainbow. So many elements are chemical, so many viewpoints are offered respecting this industry, and so many equities here have been advanced as almost the ideal in "growth" stocks that we hesitate to launch, or dilate upon, our own meek 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 trends and profit margins; (3) price/earnings ratios; and (4) shares appearing to offer some prospect of market gain.

Ira U. Cobleigh

On the first point, capital expenditures, chemical companies will spend about $1.6 billion in capital outlay in 1958 against about $1.7 billion in 1957. This is no jarring or startling reversal but some recognition that capacity, in many lines, has "caught up." There is nothing remarkable about this. It is characteristic of enterprise economy that (1) shortages occur and (2) high profit possibilities appear and lure capital, and (3) plants are financed and come on stream expanding capacity and reducing both the shortages and inordinately high profitability. The standard result is a downward trend in plant investment, and a flattening out or dipping in both price structures and profitability. All of which describes with considerable accuracy the chemical industry today.

Let's see to what extent that generality holds water. **Allied Chemical** earned (per share) $4.74 in 1956, $4.37 in 1957, and is expected to earn something substantially more than the $3 dividend this year — possibly $4.10. **Union Carbide** earned $4.86 in 1956; $4.45 in 1957 and is expected to earn $4.00 or thereabouts for 1958. **Dow** earned $5.93 in (fiscal) 1957 against a fair projection of $5.25 this year; while **DuPont** showed $8.48 n 1957 versus about $7.90 in prospect for this year. Now these dips are not drastic; they do not place existing dividends in jeopardy; and they have been reasonably discounted in the market values of the respective shares. But, on analysis they spotlight one point in particular, namely a decline in the profit margin since gross sales (1957) in most instances increased. For 1958 expect, in general terms, some decline in gross with net returns along the lines above outlined, due mainly to rising wage and transportation costs.

All of this will create some disturbance in the traditional price/earnings ratios of chemical equities and instead of seeing lower multiples, we apparently are in for higher ones in 1958. This is occurring not because of any new investor eagerness or bullishness respecting chemical shares, but simply because of share prices in the past year, have not receded, relatively, as far as have net earnings. So while price/earnings ratios have, in some instances, advanced, so, curiously, have yields so that today you can, for instance, buy both Allied Chemical and Union Carbide on better than a 4% yield basis.

Having presented these generalizations about chemical equities, quite without benefit of any optimistic bias, we reach the fourth point on our proposed outline, namely, some reference to chemical shares that can do something more than tread water, so to speak, this year. Which of the chemicals should be considered not merely because they have, perhaps, declined sufficiently to be in a buying range, but because of particularly impressive earnings potentials?

Using that criterion, our gaze falls upon **American Cyanamid** which, alone among major chemicals, increased its dividend in 1957 (from $1.50 to $1.60); and also increased its sales by 6.4% to an all-time high of $532½ million, and per share net to $2.42. All this stems from a fine management, balanced product mix, and $316 million invested in capital improvements in the seven years ended 12/31/57. American Cyanamid is a big general chemical company with (1956) organic chemicals delivering 16% of sales; agricultural chemicals, 11%; industrial chemicals, 14%; plastics and resins 16%; miscellaneous products 20%; and Lederle Division (ethical drugs) 23%. This latter division (which is among the most profitable) moved ahead to about 25% for 1957 accounting for roughly $140 million of sales.

So much for the past. This year three major new products are in the spotlight, Creslan a new acrylonitrile-based synthetic fiber; Aristocort, an anti-arthritis drug; and a flakeboard product made from wood chips and resins by the Formica Division.

Nineteen-fifty-eight for American Cyanamid looks like a good year. Net may not advance, but a new base for higher future earnings should be established. Meanwhile, the stock is available at 44, yielding 3.6% on the current dividend. This price is about 18½ times indicated earnings. Most investment trusts with any sizable holdings in chemicals, have included American Cyanamid in their portfolios.

Looking elsewhere for chemical values in today's market, we see quite a bit of forward motion in **Pennsalt**, which increased its sales 10% in 1957 to almost $80 million. Pennsalt earned $2.40 for 1957 and paid $1.85 in dividends. For 1958 we should expect an earnings advance of perhaps 60c a share (to $3.00) and possibly a regular dividend basis of $2 or better. Pennsalt at 50½ is the sort of unheralded stock which may merit further inspection by fanciers of chemical shares.

Other chemicals with a forward look are found mostly among the pharmaceutical or ethical drug varieties. **Parke Davis**, reviewed in this column on Feb. 27, continues to merit consideration. **Abbott Laboratories**, whose fortunes have been on the upgrade since 1954, showed a 15% increase in sales in 1957, with net per share of around $3.60. Some further advance is expected for 1958 and it would not seem illogical to look for the stock to go on a $2 dividend basis later this year (the rate is 45c quarterly now). Abbott sells at 53.

Another company turning in splendid current results is **Vick Chemical Co.** Its fiscal year ends June 30, 1958, but for the first half ending Dec. 31, 1957, sales were up 17% to a new high of $60.3 million. Net showed a more dramatic advance for these six months, rising from $2.27 per share in the comparable 1956/57 period to $3.51. This is over a 50% gain and would seem definitely to point to an increase in the dividend rate. Presently Vick pays $1.60 which represents a payout of less than 30% of net. Management here is top-flight, and in depth, and new products are constantly broadening the base for future profitability. Vick sells around 55¾.

Another issue deserving of comment is one which is not classed as a chemical but has such important chemical overtones that a discussion of it does not seem out of place here. It's **Rexall Drug Company.** Most regard this as a retail store chain whereas, in fact, proprietary drugs and cosmetics account for probably 50% of earnings and ethical drugs possibly another 15%.

Retail business is done through two subsidiaries, the **Owl Drug Company** (mostly in California) and **Liggett Drug Company** in eastern and southeastern states. A number of unprofitable stores have been closed down or sold.

The Rexall Division manufactures a broad line of pharmaceuticals, proprietary drugs, cosmetics, sick room and surgical supplies, which are distributed under the Rexall trademark, through over 11,000 franchised dealers in the U. S. and Canada. **Riker Laboratories**, manufactures ethical drugs; and further manufacturing is done by **Seamless Rubber Company** (surgeons' gloves and hospital supplies) and **United Cotton Products** and **Absorbent Cotton Company.**

Per share net has been rising steadily from 55c in 1951 to $1.45 last year. A further improvement is expected this year and there is some talk about a new ethical drug product which could add romance to this equity. Present price around 13½, with a 50c dividend which may be increased. Management is energetic and shows its confidence by ownership (among officers and directors) of more than 500,000 shares.

While there's a visible lull in the progress of most of the big industrial chemical companies, some of the individual issues we've touched upon here may deserve your personal inspection and research. Management, research, plant expansion, and successful new products are still the basic ingredients of growing chemical companies.

Many Issues of Primary Concern To the Businessman Today

By PHILIP M. TALBOTT*
President, Chamber of Commerce of the United States
Senior Vice-President, Woodward & Lothrop, Inc., Washington, D. C.

In dealing with a potpourri of national and international issues, Mr. Talbott opines that "1958, in the end, will turn out to be a good year, if not a better year than 1957. . . ." Terming a recent White House economic forecast as "a little too exuberant," the Chamber President judges that the economic low has been reached and that the most important economic 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 opportunity to be important—which is said to require active participation in public affairs.

There are so many issues of national — and international — consequence of primary 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.

Philip M. Talbott

We are living in a period when it can be said in all truthfulness that it never rains but it pours—better yet, this year proves the accuracy of the old saying that "troubles never come singly."

Here in America, we are going through a shift in the current of the national economy. This is **not a depression** in terms of the 1930's and somehow or another, I sort of shy away from that word **"recession."** It sounds a little mealy-mouthed to me.

All sorts of remedies to change the direction of the economy are being proposed. Some seem to be sound. Others would simply increase our indebtedness, enlarge the scope of the Federal bureaucracy, diminish the stature of the individual, make it more difficult for business to develop new markets and to create new jobs—and would serve about as much purpose as toothache medicine applied to an oral abscess. They would not get at the root of the matter.

Soviet Challenge

At one and the same time, we are being challenged both scientifically and economically by the Soviet Union for world supremacy.

Russia is feeling her oats at having been the first nation to launch a successful satellite, and the Kremlin is openly boasting that the U.S.S.R. is going to whip the U.S.A. to a stand-still in a foreign trade war.

On the home front again, the business climate leaves a great deal to be desired. Our tax structure is a frightful mess. Then there is the issue of Federalizing education.

I am not going to dwell on education but there are persistent and powerful arguments to reduce state control of education to a token proposition and to let the Federal Government take over.

At first blush, Federal aid for education in one form or another sounds good to many sincere people, but if they think it through, they will discover that it carries the curse of removing the real authority in this republic from the hands of the people where it belongs to the hands of a few bureaucrats in Washington.

If you want the textbooks used by your children and your grandchildren to be written under the direction of politicians and others who believe in centralizing all authority in the national capital, then go right ahead and support the use of Federal Treasury funds for local schools.

That is what we will get unless we clamp down on the idea of Federal authority over our public schools—and it will make no difference which party is in power.

Labor Power

Meanwhile, we have seen a vast increase in the power of the labor unions. The National Chamber has no quarrel with the union principle. It has supported the right of labor to organize and the

Continued on page 60

*An address by Mr. Talbott before the National Office Furniture Association, Philadelphia, Pa., March 29, 1958.

Business Demand for Funds in 1958

By DR. JAMES J. O'LEARY*
Director of Economic Research
Life Insurance Association of America

Life insurance industry's economist probes what he terms a "dramatic" sudden easing of credit in recent months to determine whether easier credit will continue or not. Dr. O'Leary concludes: (1) expanding areas of capital demand will help take up the slack of business-industrial financing decline; (2) lower mortgage rate 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 Federal deficit financing will be done through commercial banking system or non-banking investors.

During the past several months conditions in the capital and money markets have undergone one of the most dramatic changes in financial history. After three years of increasing pressures of demand for available funds, and steadily rising interest rates, we have experienced a sudden easing of credit in recent months. Will this move toward easier credit continue, or has it largely run its course? This is the principal question I shall deal with in this paper. The focus will be on the business demand for funds in 1958, but this subject can be considered meaningfully only against the background of conditions in the credit and capital markets as a whole.


James J. O'Leary

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 review briefly the developments in the money and capital markets since last Autumn. In a series of steps since last November the Federal Reserve rediscount rate has been cut from 3½% to 2¼%, and through open market operations and a modest cut in reserve requirements the "free reserves" of commercial banks have moved from a negative figure of several hundred millions of dollars to a positive free reserve position of $450 million. These steps have been taken by the monetary authorities, of course, in an effort to combat the business recession. As the result of the change in Federal Reserve policy and the declining demand for funds, a sharp downturn has occurred in money rates and bond yields. The yield on new issues of Treasury bills dropped, for example, from 3.66% in October, 1957 to 1.20% at the end of February this year. A modest rise to 1.53% has taken place in the past few weeks. Likewise, the index of yields on long-term Government securities fell from 3.66% in October to 3.20% in mid-January of this year. It has stabilized in the past several weeks at around 3.25%.

In the corporate bond field, Moody's index of Aaa corporate bonds dropped precipitately from 4.14% in September, 1957 to 3.56% at the end of last January, with a slight rise since that time. Even more significantly, a study of first mortgage bonds rated Aa issued by public utility companies shows that on Oct. 22, 1957 the Consolidated Edison Co. of New York sold $60 million of Aa-rated bonds at an offering yield of 4.95%. On Nov. 6, 1957, Dayton Power and Light Co. issued $18 million of Aa-rated bonds at an offering yield of 4.97%. There then occurred a very sharp decline in the offering yields of several Aa-rated utility bond issues in the next several weeks. The extent of the drop was apparent when on Jan. 21, 1958 the Pacific Gas & Electric Co. successfully sold a $75 million issue of Aa-rated bonds at 3.65%, and the following day the Iowa Power & Light Co. sold an issue of $10 million on a 3.60 yield basis. Thus, in a period of three months the offering yields on Aa-rated utility bonds dropped an unprecedented 135 basis points. Since that time there has been a tendency for the rate on Aa utility issues to rise, to the point that on March 5 Union Electric Co. offered $35 million of Aa-rated bonds at a yield of 4.22%. On March 11, however, the Indianapolis Power and Light Co. brought out an $8 million issue at 4%.

It seemed worthwhile to review the movement of Aa utility offering yields in some detail because they have provided the most sensitive response in the long-term capital market to the change in Federal Reserve policy and the general condition of greater credit ease. In other sectors of the capital and credit markets there has been a similar easing, although not so pronounced. Moody's index of Aaa bond yields declined from a high of 3.45% in August, 1957 to 2.65% in late January of this year, but has firmed somewhat since that time. From all reports available there has been a moderate easing in the real estate mortgage market, with conventional residential rates down about ¼ of 1%. Similarly, interest rates on corporate securities issued directly (as contrasted with public offerings) have shown a modest decline. Likewise the prime rate of commercial banks has been reduced from 4½% to 4%.

What are the basic forces behind the sharp decline which took place in interest rates (especially in the publicly-offered corporate bond field) since last autumn? What lies behind the firming of rates in recent weeks? I do not believe that the sharp decline in rates can be explained in terms of any pronounced change in the basic demand for and supply of capital funds. Throughout this period there has continued to be a heavy demand for capital funds relative to available supplies. To a large degree the sharp decline was based on the reversal which took place in Federal Reserve policy, as signalized by the first cut in the rediscount rate in mid-November. This created the expectation in the bond market that the Federal Reserve would follow a pattern of quickly moving to "active ease" such as was done in the spring of 1953. Successive cuts in the rediscount rate have kept this expectation alive despite the fact that until recently the Federal Reserve has been cautious about the reserves it has supplied to the commercial banking system.

Several factors aid to explain the moderate firming of interest rates on business financing in recent weeks. For one thing, there is a seasonal tendency for an increased volume of corporate bond offerings to be brought to market in the early part of the year, and this undoubtedly contributed to tempering the buoyancy of bond prices. Moreover, the sizable increase in outstanding long-term Government bonds, $1.7 billion, as the result of Treasury refunding in February, along with the prospective Treasury cash offering of $3-$4 billion in early April, has reduced some of the heady optimism about rising Government bond prices. This has in turn undoubtedly contributed to a firming of rates in the corporate bond field. The increase in long-term Government bonds outstanding has likewise meant that some funds which might have been invested in corporate securities went into the Treasury bonds. In addition, as corporate bond yields declined, there has undoubtedly been a tendency for many institutional investors to direct a larger proportion of their funds into real estate mortgages where the net yields have become comparatively more attractive. All of these forces have undoubtedly contributed to the recent firming of rates on corporate bonds.

The Prospective Demand for Capital Funds by Business and Industry

With this background on past developments, what can be said about the prospective demand for capital funds by business and industry? The answer clearly seems to be that a decline is under way and is likely to continue throughout the year. The measure of this prospective decline is given by two recent surveys, one the excellent survey of capital appropriations conducted by the National Industrial Conference Board and the other the SEC-Department of Commerce survey of business and industrial expenditures for plant and equipment.

In the most recent Conference Board survey the 499 manufacturing companies furnishing data for all quarters of 1955, 1956, and 1957 reported a 33% decline in the capital appropriations newly approved in the fourth quarter of 1957 as compared with the corresponding quarter in 1956. For the year 1957 as a whole capital appropriations were down 21% from the level of 1956 and down 10% from the level of 1955, with the stronger decline in the durable goods sector. The survey further showed that, with new capital appropriations running at a lower rate than capital expenditures, the backlog of outstanding appropriations at the end of 1957 was 20% lower than a year ago. This latest survey, in conjunction with the two preceding ones, suggests that the decline in capital outlays by manufacturing concerns may continue through the remainder of this year. Even so, as the Conference Board report indicates, the capital outlays in 1958 will continue to exceed the level of 1955 because the backlog of appropriations at the end of 1957 remains high at $5.9 billion.

The results of the latest SEC-Department of Commerce survey confirm the prospects for a decline in the demand for capital funds by business and industry. The survey indicated that business and industry expect to spend $32 billion for plant and equipment this year, as compared with $37 billion in 1957, or a drop of 13%. According to the survey, capital outlays fell from a peak rate of $37.8 billion in the third quarter of 1957 to a rate of $36.2 billion in the fourth quarter. They are expected to decline still further from an annual rate of $34.1 billion in the first quarter of this year to $32.6 billion in the second. The survey further indicated that capital outlays in the first half of this year are 10% below the rate for the last half of 1957. The biggest decline in capital spending plans this year, as compared with 1957, is in the railroad industry where it is expected to be 38%. Durable goods manufacturers expect a cut of 22%, and non-durable goods manufacturers 12%. The decline for all manufacturing industry taken together is expected to be 17% according to survey returns. Other percentage declines in capital spending are placed at 15% in mining, 19% in the transportation field other than rails, and 13% in the commercial field. Public utilities constitute the only sector where capital expenditures are expected to increase. A rise of 4% is indicated in this sector, solely as the result of an 8% increase in the electric utility field.

The inescapable conclusion from these surveys is that the business and industrial demand for funds is bound to decline through much of this year, although the remaining demand will continue high. In order to crystalize the picture, it may be helpful to suggest certain rough orders of magnitude. They are based on the assumption that the current business recession will not become much deeper and that signs of recovery will be in evidence this summer. On the basis of this assumption, as well as the two surveys just discussed, net new corporate bond issues are likely to decline this year to about $5 billion, as compared with $7 billion in 1957. We also look for a decline of about $1 billion in net issues of corporate stock this year as compared with last. Thus, it is our guess that net new securities issued by corporations will decline to about $7.3 billion this year as compared with net new issues of $10.2 billion in 1957. It goes without saying that these figures have a large element of guesswork in them, but they seem logical under conditions now developing. Likewise we expect a small decline to take place this year in the net increase in commercial mortgage credit. In addition, declines in military and consumer spending have produced substantial reductions in business inventories since last summer, with accompanying declines in the demand for shorter-term business credit. Assuming that inventory liquidation continues for a while longer, although at a diminishing pace, and that we shall have had a shift to inventory accumulation by the year-end, we estimate that the net increase of business credit this year will be in the order of $1.5 billion as against slightly over $5 billion in 1957. The actual course of business credit needs will depend, of course, not only on the trends in consumer buying, but also on the magnitude and

*An address by Dr. O'Leary before the First Dallas Meeting of the National Industrial Conference Board, Dallas, Tex., March 20, 1958.

timing of Federal defense spending.

Implications of the Declining Demand for Funds by Business and Industry

Assuming that a further decline in the demand for funds by business and industry is in prospect, what are the implications of this decline? Does it mean a renewed fall in interest rates on corporate securities and a further general easing in the terms of business and industrial financing? In order to answer these questions it is necessary to broaden our perspective and to look at the financial market as a whole. Business and industrial financing is just one of the sectors of the entire capital and credit market and cannot be analyzed without reference to the other sectors.

As the demand for capital funds by business has lessened, there has already been a tendency for mutual savings banks and some life insurance companies to allocate a larger proportion of their funds to the real estate mortgage market. Interest rates in the mortgage market do not change as fast as bond yields, and under current conditions the mortgage market has become more attractive. It is logical to expect, therefore, that if interest rates on corporate securities tend to move lower, the flow of institutional funds into real estate mortgages, mainly residential mortgages, will accelerate. This happened in mid-1953 as investors directed their funds heavily into VA mortgages at the relatively attractive rate of 4½% at that time. In 1953 and 1954 the greatly increased availability of VA mortgage funds on very easy down-payment and amortization-period terms led to the sharp increase in residential construction in 1954 and 1955.

One of the big questions today is whether the mere availability of easy residential mortgage credit will provide a substantial stimulus to residential construction. Most experts think not and base this view upon the argument that we have largely caught up with housing demand, especially at the current high level of housing and land prices. Nevertheless, it seems likely that the greater availability of residential mortgage credit on easier terms will be matched by demand, and we believe that there will be a net increase of possibly $2 billion in the residential mortgage field this year. Whether it will reach this figure depends upon the success FHA has in expediting its mortgage processing, as well as on whether the VA home loan guaranty program is renewed effectively. If the flow of institutional funds into residential mortgages greatly accelerates in coming weeks, we may very well witness a marked easing in the residential mortgage market comparable to what happened in the corporate bond market last autumn and early this year.

Another sector of the financial market which must be related to business and industrial financing is the Government securities market. During the remainder of 1958 the Federal Government is expected to run a substantial cash deficit which will require a large increase in net Federal debt outstanding this year. In 1957 there was a net *decrease* of $1.7 billion in Federal debt outstanding. We estimate *conservatively* that in 1958 there may be a net *increase* of $5 billion in Federal debt. The amount may be very much larger if we get a substantial tax cut and Federal spending is stepped up. Thus, in 1958 the U. S. Treasury will draw heavily upon the capital and money markets for funds, whereas in 1957 it actually *supplied* funds.

Of key significance, of course, is how the Treasury finances its needs. If it chooses to raise a substantial amount of the funds by means of long-term securities, the effect on the business financing and mortgage markets would be toward tightening these markets. If, on the other hand, most of the Treasury financing is done through the issuance of shorter-term securities suitable for commercial bank purchase, the Treasury funds would come from an increase in the money supply. Thus, Treasury financing might actually lead to greater credit ease on this basis. A key question, of course, is whether as the year goes on the Federal Reserve will be willing to supply the reserves necessary to absorb the Treasury securities. Generally speaking, of course, the farther the recession goes, the larger the net increase of Federal debt, and the less reluctance on the Federal Reserve's part to supply bank reserves.

One other sector of the financial market needs to be viewed in perspective. Present signs point to a considerable increase in the capital demand this year from state and local governments for the financing of schools, highways and other facilities. We anticipate that the net increase of state and local securities this year may exceed by half a billion dollars the very high net increase of $4.6 billion in 1957.

Consequently, if we analyze the capital markets as a whole, the declining demand for funds in the business and industrial sector tends to be offset by an increasing demand in many other sectors.

Conclusions

The conclusions which I reach are as follows:

(1) Despite the fact that a decline in the demand for funds by business and industry is in prospect, this does not necessarily mean that business and industrial borrowing terms will ease much further this year. There are several reasons for this belief. For one, although a decline in business and industrial financing is underway, the level of financing needs remains very high. Secondly, institutional investors still have a heavy backlog of forward investment commitments made in the past which will absorb a large part of their investible funds in the remainder of this year. Thirdly, investors will probably continue to shift their investments into real estate mortgages where yields are now relatively more attractive. Generally speaking, the expanding areas of capital demand will help to take up the slack of a decline in business and industrial financing.

(2) As a larger flow of funds becomes available for mortgages this year, we should witness further easing of credit terms in both commercial and residential mortgages. How far this easing goes in the residential field will depend upon the degree to which credit availability stimulates residential construction. If the supply of mortgages does not show an appreciable increase as funds become available, the easing will be proportionately greater. Much depends also on the extent to which FNMA purchases are used to make home mortgage credit available on easier terms.

(3) What happens in the capital and credit markets in the remainder of this year will depend very heavily, of course, upon Federal Reserve policy. As matters now stand, it seems certain that as a result of declining revenues and increased expenditures the Federal Government will run a large cash deficit and will be required to be a net borrower of billions of dollars. The big question is how large a proportion of these Treasury borrowing needs the Federal Reserve will be willing to see financed through an expansion of the money supply. If the bulk of these needs is financed through the commercial banking system, the resulting increase in the money supply could have a substantial further easing effect in the credit and capital markets. On the other hand, if the Federal deficit financing should have the desired effect toward stimulating business recovery, the Federal Reserve would undoubtedly be less willing to supply reserves to the commercial banking system to facilitate Treasury financing. Thus, more of this financing would have to be done with nonbanking investors. To the extent this were done, a tightening effect would take place in the capital markets. Thus, as has been true since last Autumn, the Federal Reserve will continue to hold the key to conditions this year in business and industrial financing and in the capital and credit markets as a whole.

Farwell, Chapman Adds

(Special to THE FINANCIAL CHRONICLE)

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Dealer-Broker Investment Recommendations & Literature

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

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

Burnham View — Monthly investment letter — Burnham and [illegible] Street New York 5, N. Y. Also available is current **Foreign Letter.**

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

Investment Outlook for 1958—Brochure—Bankers Trust Company, 16 Wall Street, New York 15, N. Y.

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

New Mexico Uranium Industry — Analysis — M. W. Lambert Company, 216 Gold, S. W., Albuquerque, N. Mex.

New York City Banks—First quarter earnings comparison of 13 New York City Banks — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

Petroleum Situation—Report—Chase Manhattan Bank, 18 Pine Street, New York 15, N. Y.

Retail Trade — Survey — E. F. Hutton & Company, 61 Broadway, New York 5, N. Y. Also in the same pamphlet is a review of **Middle East Oil.**

Space Age—Review—National Securities & Research Corporation, 120 Broadway, New York 5, N. Y.

This Is Blaw-Knox—Brochure describing products and services for industry—Blaw-Knox Company, 300 Sixth Avenue, Pittsburgh 22, Pa.

This Is Cyanamid—Booklet describing products and activities of American Cyanamid Company and its subsidiaries—Public Relations Department, American Cyanamid Company, 30 Rockefeller Plaza, New York 20, N. Y.

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Agricultural Insurance Company — Study — Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif. Also available are studies of **Fidelity and Deposit Company, Great American Insurance Company, Insurance Company of North America,** and **Northwestern National Insurance Company.**

Aircraft Radio Corporation — Annual report — Aircraft Radio Corporation, Boonton, N. J.

American Greetings Corp.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

American Machine & Foundry — Analysis — Bregman, Cummings & Co., 100 Broadway, New York 5, N. Y.

American Pipe & Construction Co.—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y. Also available are memoranda on **High Voltage Engineering Corp.** and **Metal Hydrides, Inc.**

American Viscose—Analysis—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also available is an analysis of **Lukens Steel** and **Sterling Drug.**

Bird & Son Inc.—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

California Water Service Company—Annual report—California Water Service Company, 374 West Santa Clara Street, San Jose, Calif.

Chance Vought Aircraft—Data—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are data on **Sterling Drug** and **Lockheed Aircraft.**

Chivor Emerald Mines, Inc.—Report—B. S. Lichtenstein and Company, 99 Wall Street, New York 5, N. Y.

Columbia Gas System—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Thatcher Glass Manufacturing Company, Pittston Company** and **Convertible Bonds,** and a memorandum on **Philip Morris Inc.**

Consolidated Foods Corp.—Analysis—Francis I du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same bulletin is an analysis of **Pepsi Cola Company** and two selected portfolios giving a weekly dividend check.

Consolidated Paper Corporation Limited — Review — James Richardson & Sons, 173 Portage Avenue, East, Winnipeg and Royal Bank Building, Toronto, Canada.

Container Corp. of America—Memorandum—Walston & Co., Inc., 120 Broadway, New York 5, N. Y.

Continental Casualty Co. — Memorandum — John C. Legg & Company, 22 Light Street, Baltimore 2, Md. Also available is a memorandum on **Quaker City Life Insurance Co.**

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

Dayton Malleable Iron Company—Annual report—Dayton Malleable Iron Company, 1401 West 2nd Street, Dayton 7, Ohio.

Diners Club Inc. — Memorandum — Sutro & Co., Van Nuys Building, Los Angeles 14, Calif.

El Paso Natural Gas Company—1957 annual report—El Paso Natural Gas Company, El Paso, Tex.

Franklin National Bank—Analysis—Diran, Norman and Company, Inc., 80 Wall Street, New York 5, N. Y. Also available is an analysis of **Security National Bank of Huntington, L. I.**

Frito Company—Memorandum—Dittmar & Co., Inc., 201 North St. Marys Street, San Antonio 6, Tex.

Gardner Denver Company — Analysis — A. G. Becker & Co. Incorporated, 120 South La Salle Street, Chicago 3, Ill.

General Electric—Memorandum—Dean Witter & Co., 14 Wall Street, New York 5, N. Y.

Gulf Oil Corporation—Annual report—Gulf Oil Corporation, Rm. 1300, P. O. Box 1166, Pittsburgh 30, Pa.

Hartford Electric Light Company — Annual report — Hartford Electric Light Company, 176 Cumberland Road, Wethersfield, Conn.

Industro Transistor Corp. — Memorandum — Bertner Bros., 37 Wall Street, New York 5, N. Y.

Kellogg Co.—Memorandum—Robert W. Baird & Co., Inc., 110 East Wisconsin Avenue, Milwaukee 1, Wis. Also available is a memorandum on **Louis Allis Co.**

P. Lorillard Company—Report—Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y.

Monroe Auto Equipment—Data—Moreland & Co., Penobscot Building, Detroit 26, Mich.

Morrison Knudsen Company Inc. — Bulletin — DeWitt Conklin Organization, 120 Broadway, New York 5, N. Y. Also available is a bulletin on **Compo Shoe Machinery Corporation.**

Old Republic Life Insurance Co. — Memorandum — Fahnestock & Co., 135 South La Salle Street, Chicago 3, Ill.

Pacific Gas and Electric Company—Annual report—Pacific Gas and Electric Company, K. C. Christensen, Treasurer, 245 Market Street, San Francisco 6, Calif.

Pacific Lighting Corporation—Report—Joseph Faroll & Co., 29 Broadway, New York 6, N. Y. Also available is a report on **Pacific Gas & Electric** and a discussion of "Labor Unions and Corporate Profits."

Pyramid Life Insurance Co.—Memorandum—Albert J. Caplan & Co., 1516 Locust Street, Philadelphia 2, Pa.

Raymond Concrete Pile—Discussion in April issue "American Investor" — American Investor, American Stock Exchange Building, 86 Trinity Place, New York 6, N. Y.—$1 per year. Also in the same issue is an article of **Fairchild Camera and Instrument Corporation, Weather: Profit & Loss; Atoms for Peace,** etc.

Ribago Rouyn Mines — Bulletin — Marchment and Dixon, 80 Richmond Street, West, Toronto, Ont., Canada.

River Brand Rice, Inc. — Analysis — H. Hentz & Co., 72 Wall Street, New York 5, N. Y.

Ruberoid Co. — Analysis — Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y.

Shakespeare Company — Report — Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also available is an analysis of **Madison Gas & Electric Co.**

Southern Natural Gas Company—1957 annual report—Southern Natural Gas Company, Dept. FC, Birmingham, Ala.

Southwestern Electric Service Company — Annual report — Southwestern Electric Service Company, Mercantile Bank Building, Dallas, Tex.

Sperry Rand Corp. — Memorandum — Bear, Stearns & Co., 1 Wall Street, New York 5, N. Y.

Standard Oil Company (Indiana) — Annual report — Standard Oil Company, 910 South Michigan Avenue, Chicago 80, Ill.

Sunray Mid Continent Oil Co. — Analysis — Purcell & Co., 50 Broadway, New York 4, N. Y. Also available are analyses of **ACF-Wrigley Stores, Inc.** and **Anheuser-Busch, Incorporated.**

Telechrome Manufacturing Corporation — Analysis — Amos Treat & Co., Inc., 79 Wall Street, New York 5, N. Y.

United Gas Corp.—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

S. S. White Dental Manufacturing Co.—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

COMING EVENTS

In Investment Field

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

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

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

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

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

May 20-21, 1958 (Omaha, Neb.) Nebraska Investment Bankers Association cocktail party (May 20 at Omaha Club) and field day (May 21 at Happy Hollow Club).

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

June 2, 1958 (Syracuse, N. Y.) Bond Club of Syracuse annual outing at Hinerwadel's Grove, North Syracuse.

June 7, 1958 (Toledo, Ohio) Toledo Bond Club annual outing at the Invernes Country Club.

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

June 13-14-15, 1958 (Los Angeles, Calif.) Security Traders Association of Los Angeles annual Spring Party at the Coronado Hotel, Coronado, Calif.

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

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

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

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

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

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

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

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

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

New Issue

$96,877,000

Commonwealth of Massachusetts

2¼% and 3% Bonds

Dated June 1, 1958 Due June 1, as shown

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

(Accrued interest to be added)

$3,820,000

Capital Outlay, Veterans' Services and Sewerage Loan 2¼% Bonds due 1959 to 1968, inclusive

Amount	Due	To Yield
$4,730,000	1959	.85%
4,730,000	1960	1.15
4,730,000	1961	1.50
4,730,000	1962	1.70
4,730,000	1963	1.90
4,630,000	1964	2.00
4,630,000	1965	2.15
4,630,000	1966	2.30
4,630,000	1967	2.40
4,630,000	1968	2.50

Amount	Due	To Yield or Price
$4,296,000	1969	2.60%
4,296,000	1970	2.70
4,295,000	1971	2.80
4,295,000	1972	2.90
4,295,000	1973	2.95
4,295,000	1974	100
4,295,000	1975	100
4,295,000	1976	100
4,254,000	1977	3.05
4,254,000	1978	3.05

$93,057,000

Highway Improvement, Capital Outlay, Highway Flood Relief, Recreational, Drainage and Flood Control, Sewerage, Beach Erosion and Water 3% Bonds due 1959 to 1998 inclusive.

Amount	Due	To Yield
$519,000	1979	3.10%
519,000	1980	3.10
519,000	1981	3.10
520,000	1982	3.15
520,000	1983	3.15
520,000	1984	3.15
520,000	1985	3.20
520,000	1986	3.20
520,000	1987	3.20
520,000	1988	3.20

Amount	Due	To Yield
$233,000	1989	3.25%
233,000	1990	3.25
233,000	1991	3.25
234,000	1992	3.25
234,000	1993	3.25
234,000	1994	3.25
234,000	1995	3.25
125,000	1996	3.25
125,000	1997	3.25
125,000	1998	3.25

These bonds will be initially issued by the Commonwealth of Massachusetts at not less than their par value, and a taxable gain may accrue on bonds purchased at a discount. Investors are required under existing regulations to amortize any premium paid thereon.

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

Bankers Trust Company · The Chase Manhattan Bank · The First National City Bank of New York · The First National Bank of Chicago · Lehman Brothers · The First Boston Corporation · Halsey, Stuart & Co. Inc. · Phelps, Fenn & Co.

Chemical Corn Exchange Bank · Guaranty Trust Company of New York · Blyth & Co., Inc. · Harriman Ripley & Co. Incorporated · Smith, Barney & Co. · Salomon Bros. & Hutzler · Goldman, Sachs & Co. · Harris Trust and Savings Bank

Continental Illinois National Bank and Trust Company of Chicago · The Northern Trust Company · C. J. Devine & Co. · Eastman Dillon, Union Securities & Co. · Glore, Forgan & Co.

Kidder, Peabody & Co. · Drexel & Co. · The Philadelphia National Bank · R. W. Pressprich & Co. · L. F. Rothschild & Co. · Blair & Co. Incorporated

Merrill Lynch, Pierce, Fenner & Smith · The First National Bank of Boston · White, Weld & Co. · Mercantile Trust Company St. Louis · Seattle-First National Bank · Ladenburg, Thalmann & Co. · Bear, Stearns & Co.

Carl M. Loeb, Rhoades & Co. · F. S. Moseley & Co. · Shields & Company · Stone & Webster Securities Corporation · Paine, Webber, Jackson & Curtis · The First National Bank of Portland, Oregon

The Boatmen's National Bank of St. Louis · A. C. Allyn and Company Incorporated · Equitable Securities Corporation · B. J. Van Ingen & Co. Inc. · G. H. Walker & Co. · Hornblower & Weeks · Hemphill, Noyes & Co.

Dean Witter & Co. · Barr Brothers & Co. · Coffin & Burr Incorporated · Dick & Merle-Smith · Adams, McEntee & Co., Inc. · Bache & Co. · Baxter & Company · Francis I. duPont & Co. · A. G. Becker & Co. Incorporated

Hallgarten & Co. · J. C. Bradford & Co. · Braun, Bosworth & Co. Incorporated · Geo. B. Gibbons & Company Incorporated · Kean, Taylor & Co. · Alex. Brown & Sons · First of Michigan Corporation · Clark, Dodge & Co.

Dominick & Dominick · Stroud & Company Incorporated · Estabrook & Co. · Ira Haupt & Co. · Schoellkopf, Hutton & Pomeroy, Inc. · Hayden, Stone & Co. · Hirsch & Co. · Laidlaw & Co. · W. H. Morton & Co. Incorporated

Lee Higginson Corporation · W. E. Hutton & Co. · The Marine Trust Company of Western New York · Laurence M. Marks & Co. · Reynolds & Co. · R. S. Dickson & Company Incorporated · Roosevelt & Cross Incorporated · Shearson, Hammill & Co.

Harkness & Hill Incorporated · City National Bank & Trust Co. Kansas City, Mo. · F. S. Smithers & Co. · Weeden & Co. Incorporated · Tucker, Anthony & R. L. Day · Commerce Trust Company Kansas City, Mo. · Wood, Struthers & Co. · Gregory & Sons

The Ohio Company · Bacon, Stevenson & Co. · William Blair & Company · R. H. Moulton & Company · Branch Banking & Trust Co. Wilson, N. C. · Fitzpatrick, Sullivan & Co. · Laird, Bissell & Meeds · Eldredge & Co. Incorporated

E. F. Hutton & Company · Bartow Leeds & Co. · King, Quirk & Co. Incorporated · Rand & Co. · Townsend, Dabney and Tyson · Spencer Trask & Co. · Fidelity Union Trust Company Newark · National State Bank Newark

Chas. E. Weigold & Co. Incorporated · Robert Winthrop & Co. · Bacon, Whipple & Co. · Robert W. Baird & Co. Incorporated · American Securities Corporation · Baker, Watts & Co. · Blunt Ellis & Simmons

California Bank Los Angeles · Courts & Co. · Tripp & Co., Inc. · First Southwest Company · McCormick & Co. · A. M. Kidder & Co., Inc. · Wm. E. Pollock & Co., Inc. · Rockland-Atlas National Bank of Boston

R. D. White & Company · Third National Bank in Nashville · Wachovia Bank and Trust Company Winston-Salem · Arthur L. Wright & Co., Inc. · George P. Fogg & Co. · Chace, Whiteside & Winslow, Inc. · Lyons & Shafto Incorporated

April 17, 1958.

Statements herein, while 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

Federal Reserve Governor reviews circumstances leading to relaxation of Federal Reserve credit policy, and defends that policy in asserting "commercial banks have been supplied with ample reserves." Mr. Szymczak remarks, for example, that between November and mid-March banks' total loans and investments increased nearly $4 billion with loans decreasing $1½ billion and holdings of securities increasing nearly $5 billion due to generous supply of bank reserves.

(1) The strength of our dollar is vital to our economic growth.

(2) Our dollar is strong when its purchasing power remains stable—as stable as possible.

M. S. Szymczak

(3) As Chicago has grown materially, spiritually, and culturally, so has our country grown.

(4) The financial structure had to be revised so that the dollar would retain its strength and thus aid the economic growth of our country.

(5) It is the purpose of central banking to add to or take away from the supply of the dollar as required by the economy.

(6) When the economy is on the downside, more dollars must be provided readily.

(7) As the economy is on the inflationary side, restraint must be administered in the volume of dollars made available to the economy.

(8) During 1955, 1956, and a large portion of 1957, restraint was administered. Interest rates, as a result, went up because of the demand for the dollar and because the Federal Reserve did not supply the dollars that were in demand.

(9) The record of Federal Reserve actions since mid-October may be summarized as follows:

(a) Open market operations were used, beginning in the second half of October, to add to reserves of the banking system. Securities were purchased during November and December in larger amounts and sold in January and February in amounts smaller than necessary to cover usual seasonal variations in demands for bank reserves and currency.

(b) The Federal Reserve System has reduced the discount rate three times. It is now 2¼% in all Districts, as compared with the 3½% rate set last summer after the prime loan rate of large commercial banks had been pushed upward by loan demands to 4½%.

(c) Reserve requirements for demand deposits have been reduced by 1%, in two stages around March 1 and April 1, thus releasing to member banks reserves of $1,000 million.

By these various actions the availability of reserves was increased, and the System provided sufficient reserves in relation to the demands for bank credit and currency to permit member banks to reduce rapidly their borrowings at the Reserve Banks. The level of these borrowings, which averaged about $1 billion in the third quarter of the year, by mid-January was below half a billion. They were further reduced in January and February to a negligible level of less than $100 million. Excess reserves of member banks continued close to half a billion dollars.

*An address by Mr. Szymczak before the Chicago Association of Commerce and Industry and the Chicago Chapter, American Institute of Architects at occasion of 1958 Honor Awards Program for Outstanding Architectural Achievements in Chicago, April 10, 1958.

Impact of Reserve Changes

What has been the impact of these changes? While business activity has been slipping into a deepening recession, bank credit has generally been expanding and new security issues by business corporations, by State and local governments, and by the Federal Government and its agencies have continued at a high level. These contrasting tendencies are attributable to the generous supply of bank reserves. Even though business borrowing from commercial banks has been reduced sharply, these banks have expanded other types of credit by amounts that exceeded the business loan liquidation and have simultaneously reduced their borrowings at the Reserve Banks to a negligible volume. A true understanding of what has happened can be secured only if the usual seasonal movements are taken into account. For example, total deposits at banks, including time deposits, have increased during a period when they usually decline.

Not to be confused by the large seasonal movements at year-end, it is necessary to appraise the net effect of the shift in monetary policy by comparing the current situation with late November. From Nov. 27, 1957 to March 12, 1958, banks in leading cities **increased** their total loans and investments (adjusted) by about $3.3 billion, whereas, during the comparable period of the previous year, this total had actually **decreased** by over $500 million. This year commercial loans and consumer loans decreased about $1½ billion as compared with a year ago increase of $350 billion. But holdings of securities and loans on securities increased by nearly $5 billion this year as compared with a year ago decrease of over $½ billion. Assuming that last year's movements represented a normal seasonal pattern, it may be said that, between the end of November and mid-March, total loans and investments, after adjustment for seasonal variations, have increased by nearly $4 billion.

Time Deposits Grow

Time deposits at city banks in the same period showed a spectacular $2½ billion increase, which is over twice the dramatic expansion of the same period a year ago that was stimulated by the raising of interest rates paid on these deposits. Demand deposits of business and individuals have changed by close to the usual seasonal amount while U. S. Government deposits have not decreased as they did in the same period a year ago. Since the growth in deposits has taken place largely in time accounts rather than in demand accounts, the effect on required reserves at all member banks has been negligible; a year ago, required reserves declined $½ billion, and two years ago $¼ billion. The reduction in reserve requirements released $½ billion of reserves by March 12 this year and another $½ billion later. Banks have obtained funds from the usual seasonal return flow of currency and these additions to the reserve supply have not been offset by open market operations by the Federal Reserve to the same extent as in other years. And so, free reserves this year increased by about $800 million, whereas a year ago there was a decline of $400 million.

Ample Reserves Provided

These facts would seem to show that commercial banks have been supplied with ample reserves, which they have used not only to get out of debt but to expand credit contrary to the usual seasonal pattern. Despite the liquidation of business loans, banks have found other uses for funds by buying securities and making loans on securities. One result of this marked liberalization of credit has been the sharp decline in interest rates. The rate on Treasury bills, which responds rather sensitively to the changes in the supply of free reserves, has now returned to the average prevailing early in 1955. Rates on bankers acceptances and commercial paper are also at their lowest level since 1955. Long-term rates, less sensitive, also declined but less sharply, because of the continued large volume of new security flotations. Mortgage interest rates have been coming down.

In summary, it may be observed that the central banking system has supplied reserves liberally since the time when indicators, reflecting all types and aspects of business, confirmed the fact that the bulk of business activity had slipped off the plateau characterized by rolling adjustment and was trending downward into recession.

Werle Nominated for N. Y. S. E. Chairman

Edward C. Werle, Vice-Chairman of the New York Stock Exchange, has been nominated to serve a one-year term as Chairman.

Edward C. Werle

John A. Coleman

If elected Chairman, Mr. Werle, who was formerly a Chairman of the American Stock Exchange for three years, would thus be the first man to serve as Chairman of the two Exchanges. He is a partner in the firm of Johnson & Wood.

John A. Coleman, formerly Chairman of the Exchange for four one-year terms and a Governor for 11 years, was nominated as Governor for a three-year term. His last term as Chairman expired in 1947. He is a partner in the specialist firm of Adler, Coleman & Co.

The Nominating Committee, headed by John J. Phelan of Nash & Co., nominated six other new Governors for three-year terms:

J. Truman Bidwell, an individual member (New York City); James F. Burns, Jr., of Harris, Upham & Co. (New York City); H. H. Dewar, of Dewar, Robertson & Pancoast (San Antonio); James Parker Nolan, of Folger, Nolan, Fleming-W. B. Hibbs & Co. Inc. (Was ington, D. C.); Richard W. Simmons, of Blunt Ellis & Simmons (Chicago); and Henry M. Watts, Jr., of Mitchel, Schreiber, Watts & Co. (New York City).

Two Governors were re-nominated to serve three-year terms: Walter F. Blaine, of Goldman, Sachs & Co. (New York City); and William M. Meehan, of M. J. Meehan & Co. (New York City).

Total membership of the Board is 33, including three Governors appointed as representatives of the public. Elections will be held May 12.

Re-nominated to be Trustees of the Gratuity Fund, from which payments are made to the families of deceased members of the Exchange, were William D. Scholle, an individual member, and Charles B. Harding, of Smith, Barney & Co.

The 1958 Nominating Committee also proposed the following to serve on the 1959 Committee:

John D. Baker, Jr., of Reynolds & Co.; Benjamin E. Billings, of Thomson & McKinnon; Bertram F. Fagenson, of B. F. Fagenson & Co.; Louis B. Froelich, of Pershing & Co.; W. Wilson Holden, of Corlies & Booker; Bernard E. Smith, Jr., of LaMorte, Maloney & Co.; Raymond D. Stitzer, of White, Weld & Co.; A. Varick Stout, of Dominick & Dominick; and Maurice F. Summers, of E. F. Hutton & Co.

In addition to Mr. Phelan, the 1958 Nominating Committee included:

Edward F. Becker, of McDonnell & Co.; Arthur C. Briggs, of Delafield & Delafield; Phillip W. Brown, of Smith, Barney & Co.; Edwin H. Crandell, of Blair S. Williams & Co.; Lloyd W. Mason, of Paine, Webber, Jackson & Curtis; Emil J. Roth, of Hirshon, Roth & Co.; Edwin H. Stern, of E. H. Stern & Co.; and George H. Walker, Jr., of G. H. Walker & Co., who acted as Secretary of the Committee.

With Malibu Investment

(Special to THE FINANCIAL CHRONICLE)

MALIBU, Calif. — William L. Grant is with Malibu Investment Corp., 23656 Pacific Coast Hi'way.

To Discuss Current Events and Investments

NEW YORK, N. Y.—Market psychology, the problems of the financial editor, and the stockholder in relation to his or her company will be discussed Saturday, April 19 at the New York University Club "Current Events and Your Investments" Luncheon. It will be the final luncheon of the spring series sponsored by the Federation of Women Shareholders in American Business, Inc. A Wilfred May, Financial Editor, "Commercial and Financial Chronicle," George Haney, General Partner of Kerbs, Haney & Co., and Joseph A. Livingston, Financial Editor of the "Philadelphia Bulletin," author of "The American Stockholder" will be guest speakers.

Wilma Soss

Wilma Soss, Analyst of Pocketbook News, NBC Network, and President of the Federation of Women Shareholders will be moderator. A question and answer period will deal with stockholder problems.

The luncheon is open to men as well as women. Proceeds go for stockholder education. Luncheon tickets may be obtained through the Federation of Women Shareholders.

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-pronged guidance from petroleum analyst Fourton. The usual explanations for oil stock decline are dismissed by Mr. Fourton who explains decline in terms of seven fundamental vicissitudes affecting the oil industry. This explanation and eleven different outlook statements covers changes in the complexion of the industry and prospects for the industry in the offing.

The sharp decline in the prices of oil stocks from the highs of last summer is due to more far-reaching conditions than the simple causes of excess inventories, weak prices and slack demand. Those more obvious explanations for the current lower level of earnings actually cover up many significant basic changes in the complexion of the oil industry. There have been seven fundamental changes which have become important operating factors for oil companies. Before discussing each factor it may be helpful to investors to have a provisional listing of the seven changes, because each has some interrelationship with many of the others. The seven major shifts are as follows:


Leslie E. Fourton

(1) The entrance, on a large scale basis, of most domestic companies into foreign areas of operations.

(2) The rise in importance of a high level of integration.

(3) The major reversal of the trend of drilling in the U. S.

(4) The major company shift toward supplying a greater part of refined product requirements instead of relying on large purchases from independent refiners.

(5) The economic shift of crude oil supply sources.

(6) The further loss of markets to natural gas and coal.

(7) The trend toward a new basis for pricing crude oil and refined products.

These seven subjects could each form the basis for a full discussion to fully document or prove each one. However, just to refer briefly to each may assist in making future decisions when selecting oil equities or when reviewing present holdings.

Entry Into Foreign Areas

The foremost item of change in the complexion of the oil industry to gain rapid headway last year was: **The entrance on a large scale basis of most financially able domestic oil companies into foreign areas of operations.** As is well known, the offering of the new concessions in Venezuela precipitated something of a gold rush abroad. With very few exceptions, every important integrated and producing company paid hugh sums for choice acreage in Lake Maracaibo and other areas.

Some seem to think that this was an ill-conceived expensive effort to gain near-term advantage in U. S. marketing operations or to crash into foreign markets. Rather, the effort was an astute assuming of a high-cost calculated risk in the interest of gaining extensive low-cost crude oil reserves for the future.

Such concept also applied to the rush to Alaska after the Richfield discovery. Signs now point to a big play up there too. For example, Richfield made a deal with Standard of California, with the latter agreeing to spend up to $30 million, of which $17 million is firm, for a half interest. Alaskan oil is especially valuable to a company operating on the West Coast since California crude oil production has long since passed its peak and is steadily declining. Also, Alaskan oil can be barged down the coast at low cost. And very important, is the fact that Alaskan crude is not foreign oil subject to quota, at least under present concepts. Richfield, it is understood, hopes to have 30,000 to 50,000 barrels daily production within three to five years for its planned refinery in the Puget Sound area. One can guess at the earnings impact on 4 million shares, or even on an estimated 4.7 million that would be outstanding, assuming conversion of the recently announced debenture financing.

There are many other instances like the case of Richfield. There is the Texas - Continental - Ohio-Cities Service-Richfield Group in the Gulf of Paria between Venezuela and Trinidad. A very "tight" hole there is to be tested soon. It should make important news. Other groups or single companies are exploring or arranging concessions in such areas as North Africa, the Middle East and Turkey.

Why Expand Abroad

Behind the significant shift to foreign areas are two causes:

(1) The awareness of domestic companies of the above average gains in operations and earnings of international companies. Also there is the recognition of the flexibility of foreign operations and the greater stability of profits. These conditions also make it quite obvious that domestic companies are at a serious disadvantage when competing in the U. S. against low-cost imported crude oil and refined products.

(2) The generally uneconomic costs of replacing current domestic crude oil production. And it is obvious that restricting producing operations to the U. S. does not allow the employment of available funds to the best advantage.

To illustrate the first cause which is: the greater growth of earnings of the international companies, we may compare earnings for 1954 with those of 1956. Using 1957 would distort results because of the extraordinary shipments to Europe, the disruption of operations in the Middle East and the sharp curtailment of allowables in the U. S. With 1954 used as an index equalling 100, the 1956 earnings of six internationals rose to 137, ten domestics rose to 127 and five producers to 115. To repeat: internationals 137, domestics 127 and producers 115. Cash flow is losing significance as a measurement factor as replacement costs accelerate.

To illustrate the greater stability of profits of the internationals, we need only look at the sustained high level of earnings in 1957 and the outlook for a continued high-level performance in 1958. The point made as to flexibility of operations applies to the prolific wells of Venezuela, Saudi Arabia, Kuwait, Iran and Iraq. Shutdown operations in one country as in the case of Iran in 1951, or severely curtailed productions from another, as in Iraq during the Suez crisis, and the other countries quickly close up most of the supply gap.

The second cause for expansion abroad is the greater return on investment. In Venezuela, a good well can produce 2,000 barrels daily. It would take 40 wells in Oklahoma to produce as much; and that assumes a 50 barrel daily allowable, which is unlikely. Payouts in the U. S. have been so extended in recent years that only the most efficient operators, such as Shell, Humble and Continental, to name a few, have been able to develop low-cost production and look forward to continuous profitable operations—even to the point of competing against imported oil.

Investors should consider foreign operations foremost when selecting oil stocks for future growth. Imports now are considered as a serious problem but the present need for restrictions may become academic sooner than expected. Severe limitations on imports may be eased substantially within five years. Many companies are headed toward developing large scale production abroad. Because they are faced with the difficulties of breaking into foreign marketing, such companies may curtail domestic expansion in order to make room for oil from properties abroad. By holding back on the development of domestic reserves, capacity would tend to lag behind domestic growth in demand. This would encourage the expansion of import quotas; and give the consumer the benefit of continued low prices for refined products. As a matter of fact the conservation move to stretch out U. S. reserves and limit productive capacity already may be underway. The American Petroleum Institute annual report shows the trend of U. S. crude oil reserves turned down. This is the first time this has happened in **fourteen years.**

Industry's Integration Trend

The **second** important industry change last year was: **The rise in importance of a high level of integration.** Today, unless an oil company is well integrated from production through transportation, refining and marketing, future growth is likely to be greatly handicapped and highly cyclical. In the past, a producing company after making a good oil discovery felt reasonably sure of a waiting market for its new production. The stock market price of the company's shares usually reflected this. Now the picture has changed.

For instance, Amerada is now producing about 85,000 BPD vs. 100,000 BPD at the peak of the Suez crisis. If there were markets, the company could quickly double its production to possibly 175,000 BPD, even excluding most of the curtailed capacity in prorated states.

Many other producers today have similar or even greater problems. Signal, in its testimony supporting a request for an import quota, furnished a dramatic example of the problems of smaller companies. The company alleged that its foreign wells are being drained by large company neighbors, who find it easy to dispose of their oil in "captive markets" overseas while non-integrated companies face the loss of heavy investments.

On this point of integration it would appear advisable for investors to relegate producing companies to a smaller part of oil portfolios and emphasis should be on the best quality companies such as Amerada and Louisiana Land.

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 to be noted first as far back as the summer of 1956. However, the full impact of the forces causing the downtrend was not felt until a year later. In 1956 the number of wells drilled totaled 58,300. In 1957, there was a 7.4% drop to 53,800 reflecting the largest drilling decline since the wartime reduction in 1942. There are a number of reasons for the long steady drilling decline during the past two years:

(1) Extension of payouts due to lowering allowables.

(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 extensive development drilling.

(9) Rising drilling cost.

(10) Tightness of money.

(11) Rise of imports.

(12) Decline in the profitability of the contract drilling business whose owners often take part interest in drilling ventures and organize syndicates.

There are a number of additional reasons but the foregoing give the main causes. It would appear that the reasons for the drilling decline are mostly longterm. Many again project a sharp drilling upturn later this year.

Continued on page 61

*An address by Mr. Fourton before the Association of Customers' Brokers, New York City.

Impact of Foreign Aid on United States Businessmen

By HON. C. DOUGLAS DILLON*

Deputy Under Secretary of State for Economic Affairs
Department of State

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

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 apprises businessmen that such aid is: (1) "a very strong plank in the anti-recession drive"; (2) mandatory so long as U. S. S. R. intends to woo less-developed nations with loans and grants into its camp; and (3) much smaller than generally supposed since out of requested $3,942 million about $2,635 million is for military assistance and support to counter the Soviet military challenge.

Under a recent reorganization at the Department of State, I was assigned responsibility for coordinating the Mutual Security Program with other related foreign policies and programs. This coordinating responsibility includes the activities of the International Cooperation Administration and the Military Assistance Program of the Department of Defense. The objective of this newly assigned responsibility is to ensure that our foreign economic policy travels in the same direction as our foreign policy. Both policies have the same goal and that goal is to advance the security and well-being of the United States and its people.

Douglas Dillon

In my travels and talks in various parts of the country—and in Washington, too—I frequently get the impression that people think there is nothing "mutual" in the Mutual Security Program. They seem to feel that we take our national budget, decide somewhat arbitrarily that 5% of it should be allotted to this thing called "foreign aid" and that we then hand over this sum of money for the nations of the free world to spend as they ses fit—with perhaps a modest amount of supervision.

Mostly Military Aid

The exact opposite is the truth of the matter. This year we are asking the Congress for $3,942,000,000. Of this amount, $2,635,000,000 is for military assistance and defense support.

The estimates of the needs of the free world nations in building up their defensive strength are not supplied by the recipient countries. The military estimates are drawn up by the Department of Defense acting through Military Assistance Advisory Groups assigned to the country or area. The United States makes the final decision of who gets how much in every instance. And we control the purse strings and continue to control them every step of the way.

The estimates for Technical Cooperation and the other forms of grant assistance are made by specialists within the International Cooperation Administration, with the help of area and country specialists from the Department of State. And again let me say—we control the spending.

The purpose of the Mutual Security Program can be simply stated. We seek peaceful progress among the entire community of nations. There is nothing altruistic about this. Peace is in our national self-interest.

*An address by Mr. Dillon before the National Security Industrial Association, Washington, D. C., April 10, 1958.

Meets Two Challenges

We face two challenges to peaceful progress in the world we live in. The first of these is the military challenge of the Soviet Bloc. To meet this challenge we have entered into a system of defensive alliances with 42 nations of the free world. And, as the strongest link in this defensive chain, we are playing the dominant role in building total strength to deter further Communist expansion. We do not play the dominant role from a money or manpower standpoint—only in materiel. Since 1950 we have spent approximately $20 billion to build the military strength of our free world allies. During this same time these allies have spent more than $122 billion—or better than $6 for every dollar we have spent. Their contribution in manpower comes to more than 3½ million men under arms, a total considerably larger than the entire armed forces of the United States.

The second challenge we face in striving for peaceful progress is an economic one. Since World War II, 20 new nations have come into being. These 20 nations have about 750 million people. They total 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 poverty.

The United States has been trying to help the peoples of the less developed nations since the end of World War II. During Joseph Stalin's lifetime, Russia showed not the slightest interest in the hopes and aspirations of these peoples. But since Stalin's death in 1953, the Soviet Union has "discovered" the existence of the 750 million people in these 20 nations. Instead of bluster, bullying and bullets, the communists have turned to blandishments in an effort to win the newly independent countries. In some places they have made considerable headway.

The communists are mounting this offensive with the same zeal, the same determination and the same disregard for truth that seems to characterize their actions. They tell the less developed nations that our democracy is a "freak," a "phony." They don't tell them that 6% of the world's peoples living under this democracy produce 40% of the world's goods. As Winston Churchill might say "some freak, some phony."

Cold War Waxes Warm

This economic cold war between the Soviet Union and the United States is waxing warm. They have wooed the less developed nations with $1.6 billion in loans and grants during the past three years with the obvious purpose of leading them away from the free world and into the Soviet camp. We cannot afford to lose this cold war without gravely endangering our national security. The challenge is fully as important as the military challenge. If these new nations slip one by one into the Soviet orbit, we will become beleaguered, encircled, and finally strangled. It is certain that our standard of living will change radically if the immense raw material resources of the Middle East and Far East are denied us. It is certain, too, that the Soviet Union does not intend to fight this economic war according to any Marquess of Queensbury rules.

Our chief reliance in this economic competition is on the Development Loan Fund, through which we can lend Mutual Security funds to the newly-developing countries for projects that will help them along on the road toward industrial development. These loans can be made on an attractive basis, often repayable in local currency, and they fill a need which can not be met by other loaning agencies such as the Export-Import Bank and the World Bank. We are asking $625 million for this project. Without these funds we would be entering the ring against the Soviets with one hand tied behind our backs.

Most people in America today appear to have given up on the nineteenth century concept that the Atlantic and Pacific Oceans constitute a heaven-sent protection from attack. In the world we live in, Chicago is six and a half hours from Moscow by bomber and Washington, D. C. may well be six and a half minutes from a missile fired by submarine.

Today we understand that there is an interdependence of nations. Space weapons make distant peoples our neighbors. The theory of dispersal of men and bases and the need for strong allies seem readily apparent. And these are the goals of the Mutual Security Program.

Now, some may feel that the Mutual Security Program is well worthwhile but hardly the kind of activity we should be indulging in when 5,200,000 Americans are reported to be looking for work.

Not A "Do-Good" Charitable Program

This program involves the security of the United States—directly and indirectly, now and for the future. We are not now and must never be in the position of being unable to afford our own security. The entire Mutual Security Program costs each of us the equivalent of an air mail stamp a day; and I might point out that the $3.9 billion for this year's program is about one-fourth of what we spend each year for liquor and tobacco.

If anybody thinks the Mutual Security Program is a "do-good" charitable proposition, they might be interested in what General Nathan Twining, Chairman of the Joint Chiefs of Staff, has to say about it. I quote:

"The cold facts of the matter are that the security of the United States depends upon our collective security system, which, in turn, depends upon our military assistance program. There may be some alternative to collective security and military assistance. Maybe those who make the broad charge that all money spent in this area goes down the rat hole know what the alternative is but so far no responsible military man has been able to think of it."

It's Anti-Recessionary

But, aside from the security aspects of the matter, the Mutual Security Program can be considered a very strong plank in the anti-recession drive. According to Mr. Sprague, Assistant Secretary of Defense, approximately 85 cents of every dollar spent under the Military Assistance Program will be spent right here in the United States. We estimate that between 75 and 80 cents of every dollar of Mutual Security funds will be used to buy the products of American farms and factories. And practically all the rest of the money will sooner or later return to bolster our economy.

I would like to use a few dollars and cents figures to give you an idea of just what this program means to the industry of the United States and to our entire economy. Here are some of our purchases in one year in the United States:

Item	Millions of Dollars
Machinery & Equipment	70
Iron and Steel	35
Bread Grains	94
Cotton	84
Chemicals	25
Petroleum	35
Motor Vehicles	20
Coal	20
and listen to this one—	
Military Equipment	1.443

Now I don't need to point out to this group that this $1.443 billion for military equipment fans out to hundreds of sub-contractors and suppliers in every walk of American life. A recent non-Government witness before Congress stated that in his opinion, one million jobs were directly or indirectly due to the Mutual Security Program. Those of us directly connected with this program have never used a figure higher than 600,000 jobs. But, whichever figure you prefer is very sizable; and this hardly seems to be the time to put any of these workers into the job pool.

In addition to the direct purchases which I have mentioned is the tidy sum of $58 million which was paid last year to U. S. flag exporters to carry the goods of the Mutual Security Program to the nations of the free world.

Answers False Charges

Let me make it clear that we are **not** trying to buy friends under the Mutual Security Program. We are **not** trying to give everyone our **American** standard of living.

We are trying to build strong allies—allies whose strength combined with ours will deter aggression in any part of the world. We are trying to help the peoples of Asia, Africa and Latin America to achieve a decent standard of living. It is in our own national self-interest to get these hundreds of millions of people into the market place of the world where they can buy the goods of the world's largest trader — **America.** This program to improve the buying power of one-third of the world's population should appeal to every businessman.

This economic war with Russia is a challenge to you as businessmen. We are the world's largest exporter and the world's largest importer. We have the highest standard of living in the history of the world and we are, unquestionably, the world's most privileged people.

We are being challenged in a field where we are the defending champion. We are being challenged by a nation whose own standard of living is lower than that of some of the countries she rules. We are being challenged by a nation whose per capita income is $308 as compared to our per capita income of nearly $2,500.

But we are also being challenged by the nation with the second highest Gross National Product in the world. And Soviet industrial strength is growing at a rate of 10% a year versus our own growth of 4%. We are being challenged by the nation with the largest standing peacetime army and the largest fleet of submarines in the history of the world. We are being challenged by a godless nation that has never disavowed its objective of world domination.

Soviet Blueprint

In 1924 Lenin said, "First we will take Eastern Europe, next the masses of Asia and finally we will encircle the last bastion of capitalism—the United States. We shall not have to attack it, it will fall like overripe fruit into our hands."

There is the blueprint and the Soviet's have accomplished the first objective — the seizure of Eastern Europe. We face a tough foe and a tough battle.

We cannot afford to be complacent about our own security. And we cannot afford to be indifferent to the needs of our allies. We must wage this economic war with all our resources—both human and material. We must fight with all the ingenuity that our inventors, and scientists and businessmen can command. As President Eisenhower has said, we must "wage total peace" to beat the Soviets at their game of "total cold war."

I urge all to join and support this nation's effort to achieve peaceful progress through the Mutual Security Program.

Continued from page 2

The Security I Like Best

perience plus a greater scrutiny of risks is now in order. In fact indications of better underwriting results are already evident.

It is also evident that management is fully alive to the situation and is determined to do everything possible to effect economies and generally to streamline the operation. More efficient machines have been installed or are on order that will speed processing and cut costs. Advertising has been stepped up and includes sponsorship of one of the nation's most popular radio programs, "The Jack Benny Show"—all pointed towards selling the company's product and emphasizing the need of additional insurance to offset rising prices.

There is another factor in the Home picture that gives much promise to its long range growth and development and considerable capital gains possibilities to the stock. Early this year the company completed the purchase of the People's Life Insurance Co. of Frankfort, Ind. The growth factors inherent in the life insurance business are now generally recognized and Home seems to be in a superior position to take full advantage of these opportunities. The company has some 40,000 agents who cover every section of the country and will now, for the first time, be in a position to offer complete multiple line insurance business.

McDonald Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Sterling L. Pfeiffer has been added to the staff of McDonald & Company, Union Commerce Building, members of the New York and Midwest Stock Exchanges.

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 of exploration capital abroad, and short-run protection accorded domestic production giving way in time to increasing reliance on imported oil. Ponders such matters as pressures on domestic earning if prices do not continue to rise in face of low cost foreign supplies, and if foreign oil export countries develop their own markets and cause price cutting and marketing competition in foreign areas.

I plan to discuss the growth of oil imports since 1948, the reasons behind the growth, the size of imports in relation to demand, the current quota system, and some problems which have risen because of the foregoing factors.

David Norr

In 1948 the U. S. began to import more oil than it exported. This trend accelerated and today our imports approach one million barrels daily of crude oil and 500,000 barrels daily of products. This amounts to about 15% of total U. S. oil demand or about 9.3 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 free world demand.

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

Accordingly, geology, the early stage of exploration in other areas, and economics lie behind the trend towards imports.

More recently, tanker transportation rates have declined and appear likely to remain at fairly low levels. As a result, oil may be readily delivered to markets throughout the world.

Therefore, as a general rule, foreign oil is low cost oil which can be brought into the U. S. at prices substantially below U. S. costs. The savings may be 50 cents 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 purpose of assuring orderly industrial growth and to provide for the national defense. It was subsequently decided that crude imports should be related to U. S. production at the rate prevailing in 1954, namely 12%. In what is called the Trade Agreements Act of 1955, the President was to act if imports impaired national security. Schedules of imports in 1956 indicated a sharp rise in imports beyond the 12% relationship. Action was delayed by the Suez crisis, but in 1957 imports were considered a threat to security. A plan was set up whereby quotas were imposed on crude oil imports in the U. S. except for the West Coast.

Generally speaking, quotas gave companies the right to import 90% of their 1954-56 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 requests for new quotas coupled with lagging U. S. oil demand, the system was revised recently. Curbs continue to be voluntary 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 713,000 barrels daily exclusive of the West Coast. New applicants for quotas were granted some allocations, while earlier importers were cut back slightly to make room. West Coast quotas 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 plans.

The Problem

Import restrictions impose a non-economic element in security analysis. Economics would indicate that high cost U. S. oil should have difficulty competing with low cost foreign oil. The recent announcement that our oil reserves declined in 1957 is an indication of the growing difficulty of finding oil in the U. S. Accordingly, declining drilling activity and a flight of exploration capital abroad to more attractive geological provinces should be continued.

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 disparity between U. S. producing ability and demand will be sufficiently large to make imports welcome in far larger quantities.

In the years that lie ahead, however, certain basic questions must be asked. Will domestic production be protected by strong limits on imports? Will U. S. oil prices advance, as they have for 20 years, in the face of substantial low cost foreign supplies? If not, continued pressure on domestic earnings is anticipated. With restrictions on imports into the U. S., will other producing nations, such as Canada, take steps to increase their self-sufficiency? This would require companies to carve out local integrated markets throughout the world and add to the expense of doing business. With limited ability to market foreign production in the U. S., will price cutting and marketing competition increase in foreign areas? Will prorationing 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.

*Based on an address by Mr. Norr before The Association of Customers' Brokers, New York City, March 12, 1958.

McMann Group Chman. In N. Y. Fund Drive

Raymond A. McMann, partner of Hardy and Company, is a group Chairman of Stock Exchange firms in the private firms division of the 1958 Greater New York Fund campaign.

Nebraska Bankers to Hold Annual Outing

OMAHA, Neb.—The Nebraska Investment Bankers Association will hold their annual cocktail party May 20 at the Omaha Club, to be followed on May 21 by a field day and outing at the Happy Hollow Club in Omaha.

With Columbine Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—James E. Mason is now affiliated with Columbine Securities Corp., 1575 Sherman.

Joins Hathaway Inv.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — William A. Strain is now with Hathaway Investment Corp., 900 South Pearl Street.

From Washington Ahead of the News

By CARLISLE BARGERON

Next to the comic strips in these times of worry I find my greatest relaxation and amusement from the comings and goings and utterances of our late President, Harry S. Truman. In the White House he never rose above the stature of a clever politician and I doubt that a tear was shed, except from those who lost their jobs, when he left town in January of 1953. He would never admit it, having defied the prophets and won re-election in 1948 but the greatest cross Adlai Stevenson had to bear in his Presidential campaign of 1952 was that he was the Democratic candidate and a Democrat, Truman, was the occupant of the White House.

Carlisle Bargeron

But it is a tonic now to follow the meanderings of this man as he travels in Europe, writes for the newspapers and makes speeches. He is having the time of his life. I can't recall ever having learned anything from him when he was President except how hard practical politics can be played, but since he left the White House he is giving me a delightful lesson in how to grow old gracefully.

With plenty of money on which to live, his daughter who is his pride and joy, happily married, and with some new expensively tailored suits he and Bess are viewing the sunset happily. Truman didn't worry too much about what he said when he was in the White House. Now he is out he is almost completely uninhibited.

He drops into our midst fairly frequently and the newspapers assign reporters to him as he takes his early morning walks. On such occasions he comments freely on the events of the day, invariably getting in a dig at the present Administration and obviously enjoying the troubles it is having.

Last Saturday night he dropped in on the jubilee dinner of the National Press Club and easily stole the show against the competition of Broadway celebrities. On Monday he appeared before a Congressional committee studying ways and means to break the business downturn and glibly tossed off the suggestion that there should be a $5 billion tax reduction for the little fellows not the big fellows whom he has always professed not to like. He was just about as funny at the Congressional hearing as at the Press Club dinner.

I think there is not the slightest doubt that a country which was just a few years ago reviling him now holds him in affection. The little man from Missouri seems to amuse them, they like his demagoguery which is natural with him. In 1952 they were voting against Adlai Stevenson, to a large extent, because Truman had engaged us in a silly and aimless war in Korea.

Consider now the fickleness of the American public. Dwight Eisenhower, once a hero, is experiencing about as bitter revilement as anything Truman ever underwent. It is difficult to find, outside of his official family, any great defense for him anywhere in the country. As things now stand he will go out of office as much discredited as was Truman.

I was not an Eisenhower man. I did not credit him with winning the war. American industrial might and overwhelming manpower did that. Incidentally, Mr. Eisenhower who is now being bitterly criticized for apparently moving around in the even tenor of his way, playing golf, etc., conducted the war in pretty much the same leisurely way. I recall very vividly a chapter in Harry Butcher's book, "My Four Years with Eisenhower," which told of one occasion when we had just launched an invasion of Italy and the casualties were mounting heavily. Eisenhower's aides decided he needed some relaxation so they took the week off in London for him to play golf.

But what is pretty disgusting is the manner in which the American people go up and down in their feelings and blame or credit everything to the White House. Businessmen have come to be as much responsible for this as the ordinary man in the street.

In the 1956 campaign the Republicans had a walkaway because the country was enjoying the greatest prosperity ever known. Under the circumstances I suppose it is only natural for the Democrats now to be making an issue of unemployment. I am not so sure either that there hasn't been culpability in the Administration. It got excited about "inflation" and its efforts to check it undoubtedly played a part in the present downturn.

But we would be much better off if we could return in our thinking to state and local administrations and neither be giving Washington credit for or blaming it for everything under the sun. If we returned to this thinking Washington would not be trying to handle the intimate affairs of 170,000,000 people.

Kalman Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Thomas R. Kresensky is now with Kalman & Company, Inc., McKnight Bldg. He was formerly with First National Bank of Minneapolis.

Leland Kaiser Opens

SAN FRANCISCO, Calif.—Leland M. Kaiser is engaging in a securities business from offices in the Russ Building. Mr. Kaiser was formerly a principal of Kaiser & Co.

With Lloyd Arnold Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Thomas C. Green is now with Lloyd Arnold & Company, 364 North Camden Drive.

Two With W. G. Nielsen

(Special to THE FINANCIAL CHRONICLE)

BURBANK, Calif.—Edwin E. Kidder and Melvin G. Kidder have joined the staff of W. G. Nielsen Co., 362 East Olive Ave.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—James R. Keller has been added to the staff of Dempsey-Tegeler & Co., 210 West Seventh Street. He was formerly with J. Logan & Co.

Firm Name to Be McLaughlin, Kaufman

The firm name of McLaughlin & Co., 52 Wall Street, New York City, new New York Stock Exchange member firm, will be McLaughlin, Kaufman & Co.

Outlook for Drug Industry

By STEPHEN W. BECKER*

Research Analyst, Lionel D. Edie & Co., New York City

A favorable outlook for the drug industry, with at least modest appreciation before the end of the year, and 10% annual sales increase over the longer term, is propounded by Lionel D. Edie analyst who avers industry's basic investment value is not yet fully recognized. In countering investors' reluctance to purchase drug equities, Mr. Becker points out: (1) drug sales face little competition from all other non-drug demands for consumer's dollar; (2) basic research expense is financed by others; and (3) high return on capital seems assured. Contends that the factors favoring drug stocks warrant ratios at least as high as that of the chemicals; and calls attention to possible unsettling factor involved in Federal Trade Commission investigation of antibiotic industry which should be completed by end of this month.

To me the drug industry is one of the most exciting areas in our economy. Its business is concerned with the vital area of public health. Its basic objective is to increase life expectancy. For their service the rewards, as measured in profits, are handsome.

Currently, we are faced with a market that is reflecting a lower level of economic activity, combined with rising costs and over-expansion impairing the earnings prospects. The current Dow-Jones Industrial Average at 440 is unchanged from its Dec. 31 closing price. In contrast drug shares have performed exceptionally well, rising 11%. Looking ahead the prospects are reasonably good for some further gain before the end of the year. (1) The industry's basic investment value is not yet fully recognized. (2) Most companies are expected to show reasonably good sales and earnings gains in 1958.

For orientation purposes let us review the structure of the industry and its record in the postwar period. Drug companies are classified into three groups; specialty, proprietary, and fine chemical producers. Their products are: (1) ethical (promoted to the doctor), prescription and over-the-counter; (2) proprietary (promoted to the public); (3) bulk. From the investment standpoint the differences between ethical and proprietary products are important. As a general rule ethical products have a short life cycle with peak sales and earnings attained one to two years after introduction. Thereafter a decline sets in that continues throughout the remainder of the cycle. Proprietary products, on the other hand, have a very substantial life expectancy. Earnings are small, if any, in the first few years of marketing but rise rapidly as volume grows. Many of the successful proprietary products introduced ten and fifteen years ago have yet to achieve their potentials.

Few companies in the drug industry confine their activities to just one phase or one type product. Instead extensive integration is found. For this reason we at Edie combine the operating results of eleven large and smaller drug companies to represent the industry. Their total volume in 1957 was $1.6 billion or three-quarters the roughly $2.1 billion in manufacturers' shipments in the same year. The companies are: Abbott Laboratories; American Home Products; Bristol Myers; Mead Johnson; Merck; Parke Davis; Charles Pfizer; Schering; Searle; Smith Kline and French; Sterling Drug.

Cites Eleven Companies

The eleven companies have an outstanding record in the postwar period in spite of severe price competition encountered in the early 1950's. Sales gains were made in each of the postwar years with one exception, 1952. The rate of gain has been twice that of the nation economy or close to 10% per year. In 1957 combined volume of the eleven companies was 240% of the 1947-1949 average as compared with 165% for disposable income over the same base period. Net earnings exceeded the increase in sales largely owing to a trend toward wide margin specialty products. However, on a per share basis dilutions through conversions and options have held the gain to that of sales, 240%. In comparison the Dow-Jones Industrial net per share increased only 166% over the same base period.

In view of the present relatively unfavorable economic outlook it is of particular interest to note the apparent absence of a close correlation between drug sales and general economic activity. For example, in 1949 disposable income declined slightly. In the face of this decline combined sales of the eleven companies increased 4%. Then in 1952 disposable income increased 5% while drug volume fell 1%. Broadly speaking, there is little question that the level of economic activity has a very definite effect on the consumption of drug products. Minor fluctuations, however, particularly on the downside, may even stimulate consumption for many people use lay-off periods to have old ailments corrected.

Answers Reluctant Investors

Over the past years I have found a reluctance on the part of many investors to purchase drug equities. Invariably, their objection was based on the rapid obsolescence factor and/or possible recurring commodity price weakness similar to that experienced in the early 1950's. In the light of present industry conditions these objections do not seem well taken. Obsolescence is certainly a threat to any company with a heavy concentration of earnings in a single product. However, past history shows that most companies are well prepared for the day that earnings on a major product disappear. Financial positions are greatly improved. Capitalizations have been cleaned up and the cash position expanded to the level where it can be, and many times has been, used to purchase lasting earning power. Future growth is prepared for through expanded research programs. New products from the greater effort tend to support the overall level in earnings. Generally, it takes time to restore a strong growth trend to earnings after an important product but to my knowledge not a single investor has been seriously hurt by product obsolescence in the postwar period.

The other objection, commodity price deterioration, is difficult to see in the immediate future. Very important changes have taken place in this industry in the past few years as evidenced by the relatively stable price structure for bulk products since the end of 1954. Unlike the present situation conditions in the early 1950's were

*Based on an address by Mr. Becker before the Association of Customers Brokers, New York City.

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Short-term Uncertainties and Long-term Growth Needs

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

In discussing the uncertainties in the short-run economic picture, Dr. Rolfe finds 1958 *might* be the first year since World War II in which instalment credit outstanding will have fallen. In reasserting belief in country's future growth prospects, the economist for nation's largest consumer-industrial finance firm states there should be: a marked increase in banking system's growth; advance in research, development and technology; and continuance of sound debt rise to achieve using Gross National Profit and employment.

It is by now standard but nevertheless true that the current recession has been touched off by a decline in capital expenditures, which results from the fact that some industries built more capacity than they need in terms of current demand. As capital expenditures have been cut—and the SEC-Commerce government's surveys tell us they will be cut 13% in 1958, an estimate corroborated by the NICB appropriations survey—men who were employed in construction and capital goods building were laid off, and inventories have been cut. This leads to more production cutbacks and layoffs, more falling of demand, and we have the downward spiral of cause becoming effect and effect becoming cause.

Sidney Rolfe

Actually, in a free economy, where supply and demand must meet to some extent on a trial and error basis, periodic recessions, like periodic excesses of activity are inevitable. Missing the mark is characteristic of growth; complete stability cannot be obtained when the economy is growing and I for one do not want total stability. Up or down movements around a trend line become dangerous only when they are allowed to proceed too far. The task at hand is to contain these recessions and inflations within tolerable bounds.

Has this recession gone too far already? Let's look at the record. By some measures, the recession of 1957-8 has already gone further than the two previous postwar recessions of 1948-9 and 1953-4. Thus, the Federal Reserve Board index of production has fallen nearly 10%, 9.7 to be exact, since last July. In the first seven months of the other recessions, it had fallen 8 to 9%. It is instructive to realize that in the Great Depression, this index fell only 13.1% in 1929-30. Employment, admittedly a tricky measuring rod because no one is ever sure who's really in the labor forces fell 3.3 percentage points in 1948-9; 2.3 in 1953-4 and 5.4 in 1929-30. This time it has fallen 3.1 points. So far, this does not all sound too terribly different from the great crash. But there are several very significant differences. Personal income fell 8% in 1929-30, and here the first of our built-in stabilizers shows up. For this time, income has fallen only 1.3%, and in the other postwar recessions 3.1% and 1.9% respectively. Moreover, the Federal Government's willingness to take over and extend unemployment compensation if necessary shows a keen appreciation of the need not to let income fall.

Equally important to stability, thanks to the FDIC, there is no panic of depositors at your banks, and there isn't going to be. The great depression would not have been great without the bank run. For every dollar of primary deposits withdrawn means a forced liquidation of credit of about $6 under present reserve requirements and about $10 in 1929 just when businessmen can least afford liquidation of already heavy inventories.

Statistics can only tell us about the past; and built-in stabilizers, while they will prevent recession from becoming depression, cannot regenerate the economy. The need for the future is to reflate the economy, and it is widely believed that the government sector must now take the lead.

Two Anti-Recession Proposals

The basic proposals to do so are two: a tax cut, or public works. A great argument rages as to which is the better method—an argument which may prove academic as both may yet prove necessary.

A tax cut is said to be quicker in impact, especially if money goes to those whose propensity to spend is highest, i.e. those who will not swell the total of unused savings. This is doubtless true. But once taxes are cut they can be raised only with the greatest difficulty. When the economy gets going, and we move upward as we will, a reduced tax base will doubtless add fuel to inflationary fires. Therefore, some tax gimmicks have been proposed—e.g. a temporary tax cut—in the form of withholding tax forgiveness for a few months—but retention of the current tax rates.

A public works program is criticized as being too slow in its impact. But its advocates claim that while it is slower, it has two advantages: first, it can be turned off when not needed, unlike a lower tax rate; secondly, out of it comes some very needed schools, roads and other "social capital."

Each of us can pick his side of the argument in the light of his own criteria. But I think it significant that no one in a position of political responsibility advocates sitting on his hands, or letting nature take its course if the recession deepens.

We have had recessions before, twice in the postwar period. Particularly in 1953-4 the consumer stepped forward after some time lag to become the hero of the drama, the man who by his increased purchases reversed the trend of recession. Is he doing so in this recession? The early estimates of consumer expenditures say he is not to the degree needed. Actually comparing the first quarter of 1958 to the first quarter of 1957, the consumer has increased his purchases of non-durable goods by 2%, has increased his purchase of services by about 4.4% but has decreased his purchase of durable goods by over 8%.

The burden of this decline in consumer durable goods spending has of course fallen on the automobile industry. In December, 1957, before it became fully evident that we did have recession, automobiles were selling at an annual rate of about 5.8 million units, or a daily rate of nearly 19,000 which is certainly not bad. However, sales fell in January and by February reached a level of 13,400 units daily less than 4¼ million annual rate. This rate is being sustained through the first 10 days of March with a daily selling rate of about 13,500. These figures do not contain any seasonal adjustment. When a seasonal adjustment is added, current industry thinking seems to be a 1958 sale of five million cars of which some 300,000 are imported.

Why Sales Decline?

If we seek for the reasons for this sharp decline in sales we can go far in the realm of speculation which I would just as soon not do. It is quite clear, however, that in this period of fear and uncertainty, the major feedback on consumer spending has been in terms of cutting automobile purchases until the outcome of the rainy day is more clearly seen. At the moment, people would rather save their money than spend it. This is evident in the recent University of Michigan survey of attitudes, which shows buying intentions of automobiles at a very low point. The same is true for housing, the other major consumer expenditure; both intentions and starts are at a low point since 1949. Even without the survey we all can see it in the figures. Some analysts regard the increased cost of trading up for a new car a depressing factor in sales. Part of this stems from increased new car prices and the decrease in used car prices as well. With a Spring turn in used car volume and prices this factor should become less a depressant. An excise tax cut on new cars plus a price rise for used models, could in fact be a strong plus factor in auto sales.

The financing of automobiles has not done as badly in 1958 as the sale. In January, the new car credit extensions of $1.19 billion are only 5.4% below the similar figures for January, 1957, while automobile sales from year to year had fallen 22.6%. Repayments however are up about 4.1% over last year so that we have experienced a net decline in outstandings in January and probably in February as well. The reasons for the better performance of financing are two. First, a larger per cent of people are using credit than used it last year at this time, 64% of new cars being financed as compared to 57% last year. Secondly, automobile prices are higher and this, of course, affects dollar volume.

Instalment Credit Outlook

Taking a fairly long look at the year, with some rather heroic assumptions as to what is likely to happen, it is our opinion that if automobile sales are in fact five million, the outstandings for automobile credit will decline something like $800 million with repayments of about $15 billion exceeding extensions of just over $14 billion. Should the sales rise to a 5½ million figure, which is still entirely possible, however, automobile credit outstanding will rise over ⅓ of a billion. It is on computations such as these that the estimate has been made that 1958 **might** be the first year since World War II in which instalment credit outstanding will have fallen.

In the period of recession which we are now undergoing, we have seen some important changes with respect to repossessions, delinquencies and losses.

Each of us knows his respective figures on these things. Unless you are very lucky or very smart, your repossessions and losses are well above a year ago and probably near their postwar highs. But it's an ill wind that blows no good and one result of these rising losses may be salutary: for those who forgot, or never really understood the need for sound terms, for sufficiently high rates to cover loss reserves and for behavior in which the quest for volume is tempered with the possibility of loss, this period will be educational. The tuition may be high, but the lesson will doubtless stick for a long time.

The recession started in the business sector of the economy, by reductions in capital expenditures and inventories. It is feeding back through the consumer sector primarily by reductions of durable goods sales. The third major sector of the economy, the government, is now taking steps to overcome the recession. To some extent attempts are being made, as you all know, to counter the recession by increasing the supply of money and by reducing interest rates, although this has been mainly at the short end of the market. Such moves have provided reserves, which are still not being utilized. The loosening of money has not yet affected the borrowing rates which most people face to any appreciable degree. Therefore, to date monetary attempts have not been very significant as offsets.

It is now a fairly widespread opinion that the reduction of inventories still has a few months to go, and that there are no forces of upward momentum in the business picture until later in the year, if then. In the earlier postwar recessions it was the consumer who stepped forward to save the day. In 1953-4 he did so with some stimuli. Tax cuts put an estimated $7½ billion of spending power into the public's hands. Secondlly, consumer credit terms, particularly on new cars lengthened in 1954, and the instalment industry added a net $1.4 billion in 1954 and $5 billion in 1955 to purchasing, as the volume of new instalment credit ran ahead of repayments, thanks in large measure to longer terms. Finally, a bull market in stocks bolstered confidence not only for shareholders, but for others as well.

In 1958 to date none of these conditions is present. There will probably be a tax cut; the various possible government tax cuts or public works have not yet materialized and indeed conflicting reports to date have been confusing. The consumer credit industry is not in position, as we all know, to lengthen terms further, as auto terms are in balance as far as collateral value is concerned. And it is on the basis of collateral value that cars should be financed. This is the very definition of sound terms. True, there may be some marginal pressure on terms to gain volume by some companies or banks, but in the main this will not happen as longer terms could well mean greater losses in the current climate. Finally, the bull market in equities and rising levels of confidence are not with us yet.

The Long-Term Outlook

With this much uncertainty in the short-run picture, is it still sensible to speak of long-term growth in the way we have? Is it not possible that the economists have been leading businessmen astray by their projections which show a rising economy with GNP approaching $600 billion within a decade, and with family income moving from its present $5,700 annual average toward $8,000? And all this in 1956 dollars, so that it is not an inflation mirage, but real growth.

For whatever it is worth, I would like to reassert my belief that the economy will in fact attain the height formerly outlined, the current recession to the contrary notwithstanding. Basically,

Continued on page 69

*An address by Dr. Rolfe before National Instalment Credit Conference of the American Bankers Association, Chicago, March 26, 1958.

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, highway, utility, and research expenditures; and possible tax cut. Maintains constructive view of the stock market is warranted by its strong technical position, its discounting of the unfavorable developments already registered, and the large steady demand from institutional investors. Concludes sound growth companies should now be bought.

The economic atmosphere is pretty clouded. Certainly the preponderance of news these days is on the unpleasant side. We see carloadings lagging well behind a year ago which in turn was off from 1956. We find a steel production rate 40% behind last year's figure. We see copper prices at their low point for the last seven years. We see aluminum in over-supply for at least another year. The automobile industry, another key industry, is anticipating a sharply lower sales rate for 1958. The problems of the oil industry are all too evident with large imports and a sharp cutback in allowables in both Texas and Louisiana. Unemployment is at a new high, over five million persons, and dividend cuts or omissions are becoming rather common.

Nicholas E. Crane

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

First while expenditures for capital facilities by business certainly will be down in 1958, lower interest rates should result in the reinstatement of some capital expansion plans by businessmen who could not see a "reasonable" profit on money borrowed when the prime rate was 4½%.

Expenditure Pick-Ups

A pick-up in expenditures will be seen in a number of important areas:

The **public utilities,** gas and **electric companies,** plan to spend about $700 million more in 1958 than in 1957 and about 16 million kwh to capacity vs. 8½ million kwh. added in 1957. This industry sees a steady expansion in capital expenditures for at least a decade.

Residential building is expected to result in over a million new units in 1958—a 5 to 10% increase over 1957. Multiple family unit figures turned up in November and single family units are expected to be modestly higher. Federal agencies, FHA, etc., have more funds available for lending this year. There are many obvious collateral benefits to a pick-up in home building—for sellers of home furnishings, fuel, garden and do-it-yourself tools, etc.

Municipalities. Substantial demands for money will come from state and local authorities. A number have already dusted off and come to market with bond issues which were on the shelf due to the high rates of interest that prevailed until last Nov. 14. This will give a sharp impetus to the building of institutions, schools, hospitals and highways. There is a necessary lag between the raising and spending of these funds; however, they have been or will be raised, and they will be spent.

There are other encouraging economic indicators.

The **Federal State Highway** program in 1958 should hit its stride. Expenditures are expected to reach $5½ billion — up $800 million over 1957 and should move up for several years thereafter. This we are reminded, is a minimum 12-13 year program.

Defense Spending. So far proposed defense expenditures indicate a rise of a modest 3% over 1957, or just about enough to take care of the increased costs in the past year. However, highly regarded economists and military people believe expenditures will run possibly $5 billion more than figures so far mentioned.

Congressional approval of an increase of $5 billion in the debt ceiling will allow the military to pay some of their bills and sharply reduce the "lead" time on stretched-out orders, which in some instances were scheduled to run as far out as three years.

Federal Reserve Policy

Second is the great change in Federal Reserve credit policies. The Federal Reserve policy on money now appears to be rather clearly established; that is, a program of increasing the money supply, although with considerably more restraint than in the 1953-1954 period. In May, 1953, as you will recall, the Federal Reserve Board accelerated open market purchases and in July cut reserve requirements by two percentage points which resulted in sharp increase in money and in the credit supply of some $10 billion. A cut in the rediscount rate came the following February some seven months later. The resultant sharp expansion in credit led to some of the subsequent price-labor-cost-inflation which the FRB subsequently felt had to be curbed—and rather drastically so. The results of that policy are now history.

The present Federal Reserve policy started somewhat differently. First, we had the announcement of a full ½% cut in the rediscount rate. This, as we realized, placed no new money in the credit stream; however, it clearly established the FED's intention of forcing lower interest rates to borrowers. The bond market had a forward move not seen in 25 years. Subsequent action of the FRB — modest open market purchases served to create an adequate, but not easy, supply of money over the holiday peak. The Fed then moved up the heavier artillery, with several cuts in reserve requirements — relatively modest cuts which increased the available supply of credit by about $5 billion. We shall, no doubt, see further cautious cuts in reserve requirements when and as the FRB believes necessary. Interest rates should see a further decline; however, not to the low point seen in 1953 but we can be confident that the easier money policy should continue well into the future.

In traveling about, one frequently hears expressions of disappointment that recent actions by the Federal Reserve, other Federal agencies and the administration have not had a more stimulating effect on the economy. The slashing of the rediscount rate for instance, while sharply boosting the price of bonds, had no immediate effect on the economy. It seems a bit naive to expect an immediate jolt to business due to steps taken in Washington. There is a necessary lag between the easing, borrowing and spending of money. In May, 1953 the FRB started its policy of active ease. In July, 1953 the rediscount rate was cut; however, business did not level off until May, 1954 and turned up in August, 1954. Since my discussion is primarily on the stock market outlook, I would like to remind you that the market turned up in September, 1953, only four months after the FRB took the first step. While patterns do not always repeat, this one is worth noting!

Steel Industry. I am not ignoring the fact that a number of key industries preseent a poor near-term outlook. However, this may, to a great extent, be discounted in the stock market. A look at the steel industry and the price of steel today in comparison with the highs of the past two years show a representative group of major steel company shares, including U. S. Steel, Bethlehem Steel and such fine research organizations as Allegheny Ludlum selling 33% below the previous highs. These same companies have spent enormous sums of money improving plant and facilities and are vastly more efficient operating units than ever before. Major steel companies say they can operate profitably at a 50% rate of operations which, in view of the high fixed costs, labor and new plant, is an exceptionally low figure and far below what might have been expected from an industry which until recent years was believed unable to operate profitably except at very high rates.

We note that the "chew up" (consumption) of steel is greater than the production rate indicating that inventories are being whittled. Buying has been very much on a hand to mouth basis and rate consumption to production at the present could bring about the disappearance of our steel inventory by year-end.

Brass Fabricators. Brass fabricators give the same story that buying by customers is on an immediate delivery basis, buyers want deliveries yesterday and not tomorrow or the usual six weeks ahead as has been the pattern in the past. With inventories in this industry believed to be precariously low, it would take very little increase in business to bring about a decided rush for brass products.

Copper. Raw copper inventories, it is true, are excessive at the moment and at a normal rate of attrition, it would probably take from six to eight months to bring down the copper inventories to a comfortable position. The series of production cutbacks by this industry should eventually bring this inventory situation into better balance. I would point out, however, that the price of the major copper company shares are down a nice fat 50% from the peaks of the last two years. Magma lost over 75%, going from $139 down to $34 and has since shown a modest recovery. The borderline companies have already been forced to close down, and only the most efficient producers are op-

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*A talk by Mr. Crane before the Farmers and Merchants Bank Seminar, Long Beach, California.

Uranium—Fact and Fancy

By NEWTON I. STEERS, JR.

President, Atomic Development Mutual Fund, Inc.

"Fancies" *versus* "facts" regarding the uranium industry are dissected by Mr. Steers who blames widespread acceptance of unsupportable views about uranium as being responsible for uranium shares selling for less than their earnings based on backlog alone. Author holds relatively low prices of uranium equities should advance in 1958 as, on the one hand, earnings figures are published and dividends are paid and, on the other hand, it is realized that uranium purchasing is expanding—not contracting, rates of fusion development has been falsely exaggerated, and ending of guaranteed uranium market during the middle 1960's will find at that time demand and supply in rough balance.

Numerous articles have been appearing in the public press in recent months relating to uranium. It has been said that uranium production is about to be curtailed. It is not, either in this country or in the free world overall. It has been said that fusion of heavy hydrogen, obtainable from sea water, is about to render uranium obsolete. This is false. It has been said that uranium will be in over-supply, even if fusion does not affect the requirements picture. The fact is that uranium is uniquely protected until the middle 60s and thereafter it appears that the demand-supply relationship will be in approximate balance, with perhaps an impending shortage. These fancies and the facts that belie them are examined in somewhat greater detail below.

Newton I. Steers, Jr.

Uranium Outlook

(1) **Fancy**—Uranium production has been, is being, or is about to be curtailed.

Fact—This fancy originated in the fact that the AEC has announced that it will continue to expand according to previously announced plans but that it will not expand the expansion beyond such levels. This is not curtailment. This is not even continuing at an even level. Continued **expansion** is demonstrated by the figures in Table I which show the figures budgeted for AEC procurement. Since the AEC is in effect the sole purchaser, the AEC procurement figures measure the receipts to the industry.

Furthermore, the AEC has pointed out that fiscal '60 will be even bigger than '59, due to the fact that some of the plants will not reach full production until after the start of '59 and capacity production has been contracted for in '60.

It is difficult to find another substantial industry where such large increases are expected in the several years. Talk of "curbs" and "curtailment" is ridiculous and has misled many people.

In case it is thought that increased prices explain the increased dollars, figures in Table II show the projected increases in physical quantities, domestic ore to be mined and concentrate to be produced in mills in the United States.

TABLE II

	Tons of Ore	Tons of Concentrate
1956	3,000,000	6,000
1957	3,600,000	8,600
1958	5,500,000	13,000
1959	7,200,000	17,500

What About Fusion?

(2) **Fancy**—Fusion is about to render uranium obsolete.

Fact—Fusion is a nuclear process which offers great promise. There is room for optimism that fusion will some day be practical and therefore it is desirable that the fusion research program be pushed, and it is being pushed. In order properly to appraise the investment significance of fusion it is necessary to estimate some kind of time schedule and this in turn involves understanding what fusion is all about.

Fusion is essentially the reverse of fission. It is a peculiar fact of nature that atoms of medium weight weigh somewhat less than the particles of which they are composed. In other words, if heavy atoms are split or fissioned the resulting particles do not weigh as much as would be expected, based on the known particles which compose those heavy atoms. (Uranium is the outstanding heavy atom, being the heaviest one occurring in nature.) Similarly when light atoms, particularly certain varieties of hydrogen (the lightest atom occurring in nature) are welded together, a loss of weight occurs and mass is destroyed, based again on the known particles which compose the light atoms.

The loss of weight which occurs in both fission and fusion is very important because though mass disappears as mass, it actually is transformed into energy. The energy released equals the mass destroyed times the velocity of light squared. Inasmuch as the velocity of light is 186,000 miles per second and since this number is squared, it may be seen that truly colossal amounts of energy result from very tiny losses of weight.

Now uranium, though not a highly expensive material, is not found to a great extent in deposits of extremely high grade. That is to say, the large amount of uranium in the earth's crust is sufficiently well dispersed so that it is a moderately expensive substance (the government price for a pound of natural uranium metal is $18.18). The special variety of hydrogen which plays the leading role infusion experiments at this time is called deuterium and it is found in sea water to the extent of about one part deuterium per 9,000 parts or ordinary hydrogen. However, the cost of separating deuterium can be brought down to a rather reasonable figure when large quantities of deuterium are being produced. Inci-

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TABLE I

Fiscal Years	AEC from the U.S. (Millions of $)	% Increase Over Previous Year	AEC Total (Millions of $)	% Increase Over Previous Year
1956	134	--	275	--
1957	171	+27%	377	+37%
1958	247	+43	576	+53
1959	322	+31	650	+13

THE MARKET . . . AND YOU

By WALLACE STREETE

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 advancing 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 general and 436 as 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 of an emergency nature and the distinctly sour 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 lay it on the line 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 this is among 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 restrained, so the good performance this week isn't 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. In other words, the efforts of management to cut back on their costs and improve profit margins, are starting to become visible. In most lines there is an inevitable lag before these economy measures can become fully effective.

* * *

A lot of attention will be paid to the reports of the big steel companies in the last week of the month. If expectations are in line, the giants —U. S. Steel and Bethlehem —will just about cover their dividends. And this by the industry that in past years was the premier boom-bust one. Moreover, against the talk of red ink if steel operations ever got below 75 or 80% which was rife a few years back, it is doubly ironic that there is little of this talk now and only concern over ability to earn their dividends when operations are at less than half of capacity.

* * *

Another concern in recent years has been for the welfare of the market when the investment companies chose to dump large blocks, the predictions ranging to where such sales would be the final straw to breed chaos. But recently, via secondary offerings, one fund sold 100,000 Chrysler and another 123,000 shares of Illinois Central— some $10 million of stock— and if it affected the issues unduly it wasn't at all apparent.

Individual Situations

In individual situations there was plenty of leeway in spots. Babcock & Wilcox, a giant in the generating equipment field including nuclear reactor work, has a full year's backlog on the books and while it is conceded that earnings could slip a bit from the $2.69 earned last year, the $1 cash dividend wouldn't seem to be in any particular jeopardy and the expectation is that it will be supplemented again with a stock payment.

* * *

Drug 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. They aren't, however, out of line with 1958 prospects even at current levels.

* * *

Food shares are among the favored groups 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, American Machine & Foundry is still highly favored since its blossoming bowling alley pinsetting activities are increasingly important to earnings. The stock has been basically static for the last year despite a 33% boost in earnings and dividends and prospects that earnings this year will compare favorably with last year's $3.51. It leaves the $1.60 dividend rate well protected on which a return of 4½% is indicated. This, incidentally, when known primarily as a machine producer, was also in the ultra-cyclical section of the stock list.

* * *

An example of accounting improvement that can shore up this year's earnings is Endicott Johnson in the shoe section. Last year a change in depreciation caused earnings to dip slightly. Then a $2.1 million annual charge to fund a pension plan dips to around $1½ million this year in the final payment. One analysis points out that the reduction of this expense this year could add 35 cents to per-share earnings and $1.25 next year when the requirement would be ended, assuming that business holds steady which seems likely. Working capital is high, coming to around the market price of the shares, which lately have been hovering toward the high side of a rather narrow five-year range of 38-26. 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 hot weather approaches. Consumption has been on a steady uptrend for the last several years as the wartime population spurt 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 4¾%. With weather favoring them, the companies expect to continue the good sales pattern they turned in last year and 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 serious attempts to rid them of some of the bureaucratic 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 respectably in line with those of the previous year and offer above-average 6 to 7% yields.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

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 Sigmund Wahrsager to partnership. Mr. Cummings 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., First Security Building, members of the Salt Lake Stock Exchange, has been changed to Ure, Davis & Co.

Joins Townsend, Dabney

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine—Charlotte A. Hall has been added to the staff of Townsend, Dabney & Tyson, 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 partner. Mr. Cosgrove, a member of the New York Stock Exchange since 1946, will direct the firm's activities on the Stock Exchange floor.

Warner G. Cosgrove

Mr. Cosgrove had been a general 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., 25 Broad Street, New York City, members of the New York Stock Exchange.

With Fusz-Schmelzle

(Special to THE FINANCIAL CHRONICLE)

ALTON, Ill.—Charles C. Meno is with Fusz-Schmelzle & Co., Inc., 2508 Brown Street.

SOUTHERN RAILWAY COMPANY

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

April 7, 1958.

To the Stockholders of

SOUTHERN RAILWAY COMPANY:

It is gratifying to be able to report to you that the year 1957 was the third best from 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 creditable showing and we expect 1958 to be a good year. A promising factor is that Southern serves an area of continuing industrial growth and is part of that growth. Currently, 250 new industrial projects are under way 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, is Southern's determination not to increase any freight rate where doing so would reduce our net income, 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 our Board of Directors for presentation to the stockholders at the annual meeting in Richmond, Virginia, on May 20, 1958.

Sincerely,

HARRY A. DEBUTTS,

President.

REVIEW OF 1957

Net Income

After all charges Southern earned $34,066,710 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 provision of $3,000,000 each year as dividends on Preferred Stock—were:

	Net Income After Taxes and Charges	Earnings Per Share of Common Stock After Preferred Stock Dividends
1953	$33,190,325	$4.65
1954	26,262,681	3.58
1955	37,993,249	5.39
1956	38,871,606	5.52
1957	34,066,710	4.78

Revenues

Operating revenues in 1957 were $266,846,150, or $8,539,341 less than in 1956, a decline of 3.1%. Freight revenues amounted to $233,738,056, passenger revenues to $13,652,444, mail revenue to $10,503,030. Business handled in 1957 as compared with 1956 and the average of the five years, 1952-56, is shown in the table at the top of the following page.

Business Handled

	1957	1956	Average 1952-56
Tons of freight moved	63,749,400	69,134,507	64,448,411
Average distance moved	226 miles	222 miles	220 miles
Ton miles	14 billion	15 billion	14 billion
Average revenue per ton mile	1.622 cents	1.570 cents	1.475 cents
Number of passengers	1,427,967	1,602,854	2,193,433
Average journey	300 miles	300 miles	262 miles
Passenger miles	428 million	482 million	574 million
Average revenue per passenger mile	3.191 cents	2.972 cents	2.863 cents

Operating Expenses

Operating expenses continued to be affected by the upward climb of wages and costs of material, and were higher by $1,718,527, an increase over 1956 of just under 1%.

Taxes

Railway tax accruals for 1957 were $30,953,668, a decrease of $5,937,946 from the previous year.

Tax accruals were equivalent to 11½¢ out of each dollar of gross revenue. Taxes for 1957 amounted to $4.76 per share of Common Stock as compared with net earnings of $4.78 per share after charges, taxes and preferred dividends.

Rapid amortization on certain capital investments made in aid of national defense, while not chargeable to depreciation under Interstate Commerce Commission accounting classifications, was allowable in computing federal income taxes. For 1957 the difference between the book and tax figures amounts, in taxes, to 73¢ per share of Common Stock, as compared with 81¢ in 1956.

Net Railway Operating Income

Net railway operating income for 1957 was $40,530,797. This represents what was left of 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 $45,691,368.

Ratios

The ratios for 1957 for the several subdivisions of operating expenses, taxes and equipment and joint facility rents, expressed in the number of cents out of each dollar of revenue, are shown in this table with corresponding ratios for 1956 and for the average for the five years, 1952-56:

	1957	1956	Average 1952-56
Transportation	32.5	31.2	31.3
Maintenance of Way	13.7	13.3	13.1
Maintenance of Equipment	17.5	17.2	17.4
Traffic Expenses	2.2	1.9	1.9
General Expenses	4.9	4.3	3.7
Incidental Expenses	0.6	0.7	0.8
Totals	71.4	68.6	68.2
Taxes	11.6	13.4	14.7
Equipment and Joint Facility Rents	1.8	1.4	1.7
Grand Totals	84.8	83.4	84.6

Fixed charges in 1957 were covered 3.98 times as compared with 4.08 times in 1956 and 3.50 times on the average for the period 1952-56.

There remained for fixed charges, for maturities of debt, for capital and corporate needs and for the owners, 15.2¢ out of each dollar of 1957 operating revenues, as compared with 16.6¢ in 1956 and 10.1¢ for Class I railroads in 1956.

Dividends

During 1957, dividends of 5% on the Preferred Stock were continued in the total amount of $3,000,000.

Dividends of 70¢ per share were declared on the Common Stock and paid for each quarter of 1957, bringing the total dividends paid in 1957 to $21,174,800, the highest in the Company's history.

A further dividend of 70¢ per share was declared on the Common Stock on January 28, 1958, out of surplus net earnings of 1957. 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 20.2% in 1957, as compared with 23.5% in 1956 and 13.8% for Class I railroads in 1956.

Industrial Development

During 1957 there were 91 new industries located on Southern System lines, 66 warehouses established, and additions made to 98 existing plants, all of which projects were of substantial size. Aggregate investment in the 255 projects amounted to $418,433,000. It is estimated that these new and expanded facilities will produce additional annual net revenue of $10,839,257 for System lines and provide employment for 14,274 workers.

Major new industries, listed alphabetically, for which ground was broken during the year include Alabama Power Company's generating plant at Wilsonville, Ala., Bowaters Carolina Corporation's pulp mill near Rock Hill, S. C., the silicon plant of E. I. duPont de Nemours Company near Brevard, N. C., General Electric Company's plant at Somerset, Ky., which will manufacture automotive headlight equipment, Individual Drinking Cup Company at Lexington, Ky., and Westinghouse Electric Corporation's transformer plant at Athens, Ga.

Alabama Power Company is doubling the capacity of its plant served exclusively by Southern just north of Mobile. Bowaters Southern Paper Corporation is installing a fourth machine at its newsprint plant at Calhoun, Tenn., a local point on Southern, while the Duke Power Company added a second unit to its planned five-unit generating plant at Belmont, N. C., another Southern-exclusive industry. Other notable expansions were made or started in 1957 by Champion Paper Company at Canton, N. C., Chemstrand Corporation at Decatur, Ala., Olin-Mathieson Chemical Corporation at Pisgah Forest, N. C., Springs Cotton Mills at Chester, S. C., U. S. Pipe and Foundry Company at Birmingham, Ala., and Universal Atlas Cement Company at Leeds, Ala.

At the beginning of the year announcement had been made, for construction in 1958, of major new plants to produce nickel-cobalt, gypsum board and fiberglass along with substantial expansions at existing chemical and primary aluminum operations. All will be directly served by Southern.

Expansion in the territory served by the Company is demonstrated by a recent U. S. Department of Commerce report, comparing the year 1956 with 1946 (or 1947) and showing the following percentage increases in various economic fields:

	For the entire U.S.	For the Southeast
Dollar-value added by manufacture	77%	82%
Manufacturing employment	9%	22%
Expenditures for new plant and equipment	37%	52%
Manufacturing payrolls	113%	127%
Value of construction contracts	57%	177%
Electric energy produced	153%	221%
Per capita personal income	47%	54%
Retail sales	30%	38%
Wholesale sales	30%	43%
Cash Farm Income	18%	38%

In the past few months there has been some indication of a "wait and see" attitude on the part of industry. However, a steady flow of inquiries and continuation of site studies along the railroad form the foundation for our belief that the South will continue to share substantially in the country's future industrial progress.

Rate Case Position

In 1957, the Company stood alone among the country's major railroads in refusing to join in a request for a general increase in freight rates. The Company's position was, and still is, that it will not increase any freight rate where doing so would price it out of the market and reduce its net income. Whenever advisable, the Company will continue to press actively for reductions in rates on selected commodities where such reductions are necessary to meet the competition of other transportation agencies and where such lower rates may be expected to add to the Company's net income.

The Company took this position because comprehensive studies prove that for Southern the "across the board" increases of recent years have been simply "merry-go-round rides to nowhere" in the highly competitive transportation business. By keeping rates down, and lowering them when possible, it is hoped that the Company can get and hold the increased volume of business it is geared to handle and, from the increased volume, obtain the larger net income that Southern and all other railroads need and should have.

Capital Improvements

Continuing improvements to the Company's plant are being made through the expenditure of capital funds for new and modern facilities. Work on the new $15,000,000 Inman Yard at Atlanta, Georgia, was continued at a cost of $8,130,622 in 1957. This with other improvement work 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—

1,153—50-ton box cars

308—70-ton coal cars

380—70-ton covered hopper cars

5—65′6″ 70-ton gondola cars

1,846—Total freight cars

the cost of which was $19,402,756, of which $3,644,696 was paid from the Company's treasury. The remainder was financed, $11,080,000 through equipment trusts and $4,678,060 through conditional sales agreements. The amount of $1,648,901 was spent for additions and better-

SOUTHERN RAILWAY (Continued)

ments to equipment. Thus gross charges to the capital account for equipment were $21,051,657 in 1957.

At the close of the year there were on order for delivery in 1958 for Southern Railway Company 122 freight cars to cost $1,183,750. This equipment has been financed through conditional sales agreements.

With delivery of all equipment on order by the Company and its affiliates, the gross investment of $170,000,000 since World War II, will bring the tonnage capacity of the System's entire ownership of freight cars to 2,970,265 as compared with 2,488,080 at the end of the war, a 19.4% increase.

Tonnage Capacity—	
Year 1947	2,500,000 tons
Year 1957	3,000,000 tons

Equipment Obligations

Equipment obligations outstanding at the end of the year amounted to $82,716,409 as compared with $75,513,255 at the end of 1956 and $86,482,460 at the end of 1955.

Installments of equipment debt payments due in 1958 are estimated at $10,647,155. This will more than be offset as to the effect on cash by depreciation, exclusive of rapid amortization, chargeable to operating expenses in the amount of 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 1958.

Use in 1957 of the Company's Financial Resources

In addition to meeting all of its current expenses, taxes and fixed payments, the Company paid during the year from its treasury cash for capital improvements to road and structures, $17,654,743. For equipment there was spent $15,021,419, consisting of $10,128,245 of equipment obligation installments, and $4,893,174 for new equipment and additions and betterments to equipment. Combined, these capital expenditures from treasury cash came to $32,676,162 in 1957, compared with $30,533,240 in 1956 and $22,556,208 in 1955. Cash dividend payments in 1957 were $21,174,800 as compared with $19,876,600 in 1956 and $13,385,600 in 1955.

After these payments, the Company had in cash and temporary cash investments $47,464,156 at the end of the year.

Net Funded Debt and Fixed Charges

The Company's fixed charges, as defined by the Interstate Commerce Commission (less charges on the Company's bonds held by a subsidiary and income from securities of its Leasehold Estates owned by the Company), were at the annual rate of approximately $10,332,000 on December 31, 1957, as compared with $10,648,000 at the end of 1956, and $11,810,000 at the end of 1955.

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 1930.

The funded debt of the Company outstanding in the hands of the public at December 31, 1957, amounted to $124,012,500 as compared with $125,926,500 at the end of 1956 and $166,995,500 at the end of 1955. Payments and accruals for interest, rent for leased lines, Equipment Obligation maturities and Sinking Fund payments to be provided in the year 1958 amount to approximately $23,150,000 as compared with $22,550,000 for the year 1957 and $23,166,778 for the year 1956.

OF GENERAL INTEREST TO THE STOCKHOLDERS

New Member of Board of Directors

At the July meeting of the Board of Directors, Mr. Harllee Branch, Jr., of Atlanta, Georgia, president of The Southern Company, was elected to the Board to serve the unexpired term of Mr. Leverett F. Hooper, of New York, resigned.

Mr. Branch is a nationally-known public utilities executive. He formerly was president of Georgia Power Company and now is president and a director of The Southern Company, parent company of the Georgia Power Company, Alabama Power Company, Gulf Power Company and Mississippi Power Company. He is a director of the Federal Reserve Bank of Atlanta, a trustee of Emory University and is active in Georgia civic and community organizations.

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

Acquisition of the Atlantic and East Carolina Railway Company

With the approval of the Interstate Commerce Commission the Company in 1957 purchased all outstanding stock of the Atlantic and East Carolina Railway Company, at an aggregate cost of $525,000. The acquisition of this line gives your Company another deep water port outlet on the Atlantic Ocean. Traversing an area rich in industrial development potential, the line of railway extends inland from the port of Morehead City, N. C., approximately 96 miles to Goldsboro, N. C., where it connects with Southern. It will continue 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 acquainted" trip shortly after the purchase, Southern Railway System officers received an enthusiastic welcome from State, country and city officials, shippers, businessmen, Chambers of Commerce and other organizations and interests.

Florida East Coast

The reorganization of the Florida East Coast Railway Company, referred to in the Company's 1956 annual report, is still pending before the Examiner of the Interstate Commerce Commission, no Examiner's report having yet been filed.

Accounting on the IBM 705

Southern's electronic computer, the IBM 705 Model II, the first in business use anywhere, made a significant contribution in 1957. After one year of operation, it is on a two-shift basis for freight revenue accounting, payroll and many other applications.

The computer processes the accounts of 176 freight agencies (85% of total freight traffic). From the same source documents, it performs the complex task of distributing revenue to the carriers involved in interline shipments. It also assembles valuable information on traffic movements, and furnishes daily reports to representatives in 89 offices throughout the country.

As a result of its processing of payroll records, the machine writes pay checks for 25,000 employees of Southern System and affiliated companies and prepares expense distributions, I. C. C. required records and reports for management purposes. It also tabulates employee earnings and taxes withheld, and issues U. S. Savings Bonds paid for by payroll deductions.

The 705 maintains up-to-date records of the stockholders of the Company and prepares dividend checks and all related information required by federal and state governments.

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.

ICC Accounting Changes

The Interstate Commerce Commission, under its authority to establish a Uniform System of Accounts for Railroad Companies, prescribed certain 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 hands of the public. This will result in reducing reported cash, and in turn, current assets, while a corresponding reduction will be made in accounts payable, and current liabilities.

In addition, reserves for estimated amounts to be paid within one year for liabilities arising from claims for 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 debt 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 lower ratio 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 maxima, effective December 28, 1956, and the same increase in intra-territorial rates, subject again to the same maxima, effective February 23, 1957. The Commission authorized the southern roads a further 4% increase in addition to this earlier 5% increase on August 26, 1957, making a 9% general increase, subject to certain holddowns. 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 rates, which together with certain adjustments in the basis of calculating compensation for carrying the mail, will produce increased mail revenues of approximately 7% 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 Engineers, Conductors, Trainmen, Train Dispatchers and Train Porters were disposed of through national negotiation. A wage increase was also negotiated with Yardmasters.

These wage settlements generally followed the national "pattern" established earlier with Non-Operating Crafts and with Firemen, consisting of a 12½¢ per hour increase effective November 1, 1956, an additional 7¢ per hour increase effective November 1, 1957, and a further 7¢ per hour increase effective November 1, 1958, moratorium clauses precluding any other general increases prior to November 1, 1959. These settlements also included the "pattern" basis for cost-of-living adjustments at six-month intervals.

Under "escalator" clauses of the three-year contracts now in effect with all Labor Organizations, the employees received cost-of-living increases amounting to 3¢ per hour effective May 1, 1957, and 5¢ per hour effective November 1, 1957. All employees received the 7¢ per hour second-year increase provided in the three-year contracts on November 1, 1957.

At the close of the year, no requests for wage increases were outstanding.

Personal Injury Claims

The trend to increasing costs of personal injury claims, resulting largely from higher verdicts, which has been very marked in recent years, continued. However, it is gratifying to record that the Company was able actually to reduce this cost during 1957, as compared with 1956. Total payments of this kind were $1,884,497 for 1957, as compared with $2,062,002 in the previous year, a reduction of $177,505.

Looking Ahead

So far Southern has not participated appreciably in what has come to be regarded as the generally deteriorating railroad situation. Southern is, however, a part of the industry and its future will be determined by events affecting the railroad industry as a whole. Southern has therefore participated actively in representations

Exposing Short-Sighted And Selfish-Ends

By PAUL EINZIG

After expressing approval 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 berates the Government, press, economists and employers for marked failure 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. The Tribunal flatly rejected the wage claims of the 450,000 employees of British Railways. If they should decide to strike, they are likely to be reinforced by the employees of other transport services whose claims have been or are likely to be rejected. So the long-expected "showdown" with labor may take place in the near future. Yet there was very little sign of uneasiness in financial circles about the prospects of a strike which is liable to paralyze industrial activity and which might easily develop into a general strike. Indeed, the announcement of the Tribunal's award and the publication of the reaction to it among the trade unions concerned did not even prevent an appreciation of sterling on the day after the announcement.

Paul Einzig

Disinflationary Effect

Possibly the explanation is that many people refuse to believe that the transport unions would really go through with the strike. From the point of view of the trade unions it would have been more advantageous to have timed the "showdown" to take place during the years of nonstop inflationary prosperity. A major stoppage would then have been a dead loss to industry. But since there is now a certain degree of recession, many firms would actually welcome a suspension of production for a month or two, because it would enable them to reduce their inventories, and the orders accumulated during the strike would enable them to go ahead right to the limit of their capacity once the strike was over.

From the Government's point of view a strike would have the advantage of acting as a highly drastic disinflationary influence. There would be a sharp fall in the demand by millions of strikers and workers dismissed because of the breakdown of the transport system. It is true, local shortages in various goods would cause sharp rises in their prices, but this tendency would become reversed as soon as normal conditions of transport and production are restored. Wage and profit incomes would fall by hundreds of millions of pounds. The decline in the output, on the other hand, 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 decline in 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. It would become possible to relax the disinflationary measures, because the strike and its consequences would effect all the disinflation that is needed. Even those not directly affected by the strike would be inclined to exercise caution in their future expenditure, so that there would be no longer any need for the Government to restrain consumption or capital expenditure.

Above all, a prolonged major strike would drain the financial resources of the trade unions concerned and would damp the fighting spirit of all trade unions. The sight of hundreds of thousands of men, possibly millions, who have to live for many weeks on a fraction of their accustomed incomes would have a sobering effect on organized labor in general. Having got away much too easily with excessive wage claims on many occasions since the war, they are now inclined to take it for granted that they only have to ask for more wages in order to be given. A much-needed sharp lesson in the form of an unsuccessful strike would greatly improve Britain's economic prospects.

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 effect on the attitude of the trade unions. If it should be done again nothing could

Continued on page 63

P·G and E·

52nd ANNUAL REPORT - 1957

SUMMARY SHOWING SOURCES AND DISPOSITION OF INCOME

	1957	1956
SOURCES OF INCOME:		
Electric Department revenues	$328,310,000	$305,855,000
Gas Department revenues	170,569,000	162,560,000
Revenues from other operating departments	2,365,000	2,329,000
Miscellaneous Income	1,504,000	1,187,000
Totals	$502,748,000	$471,931,000
DISPOSITION OF INCOME:		
Wages and salaries of operating employees	$ 61,766,000	$ 57,146,000
Power purchased from wholesale producers	5,684,000	6,190,000
Natural gas purchased	114,227,000	98,808,000
Oil and other fuel purchased	19,517,000	15,309,000
Material and supplies, services from others, etc.	21,328,000	22,165,000
Provision for pensions, insurance, etc.	8,779,000	7,516,000
Provision for depreciation and amortization	48,025,000	44,964,000
Taxes, including provision for federal taxes on income	110,765,000	110,526,000
Special charges in lieu of and for deferred federal and state taxes on income	10,020,000	8,746,000
Bond interest and other income deductions	26,017,000	24,787,000
Dividends declared on preferred stock	18,336,000	18,192,000
Dividends declared on common stock	40,981,000	39,989,000
Balance retained in the business	17,303,000	17,593,000
Totals	$502,748,000	$471,931,000
NUMBER OF SHARES OF COMMON STOCK OUTSTANDING:		
Average for the year	17,074,941	16,662,129
End of year	17,075,524	17,068,524
EARNINGS PER SHARE OF COMMON STOCK:		
On average shares outstanding	$ 3.41	$ 3.46
On end-of-year shares outstanding	3.41	3.37
DIVIDENDS PER SHARE OF COMMON STOCK:		
Declared basis	$ 2.40	$ 2.40
Paid basis	2.40	2.35

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 $702,000 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 $3.46 in 1956 to $3.41 in 1957. Based on the number of shares outstanding at the end of each year, per share earnings increased to $3.41 in 1957 from $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 685,500 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 1960 and the second in the following year.

Expenditures for construction in the postwar period will pass the two billion dollar mark late in 1958. The continuing need for large amounts of capital for our construction program makes it essential that we have a level of earnings that will enable us to compete successfully in the capital markets.

EARNINGS OUTLOOK:
In view of the fact that the Company was required to absorb substantial increases in costs without rate relief during most of the year, it is believed that we did quite well to hold earnings close to those of the previous year. Some increases in gas and electric rates were authorized late in the year and, with an application pending for a further increase in gas rates, we are very hopeful that a better level of earnings can be realized in 1958.

ATOMIC POWER:
Another event of great importance was the completion, in association with the General Electric Company, of the Vallecitos Atomic Power Plant. While our turbine-generator installation at the plant is only 5,000 kilowatts, we believe it is of considerable significance that, through our interconnected electric network, our customers are now receiving atomic power from the world's first all-privately financed nuclear-electric plant.

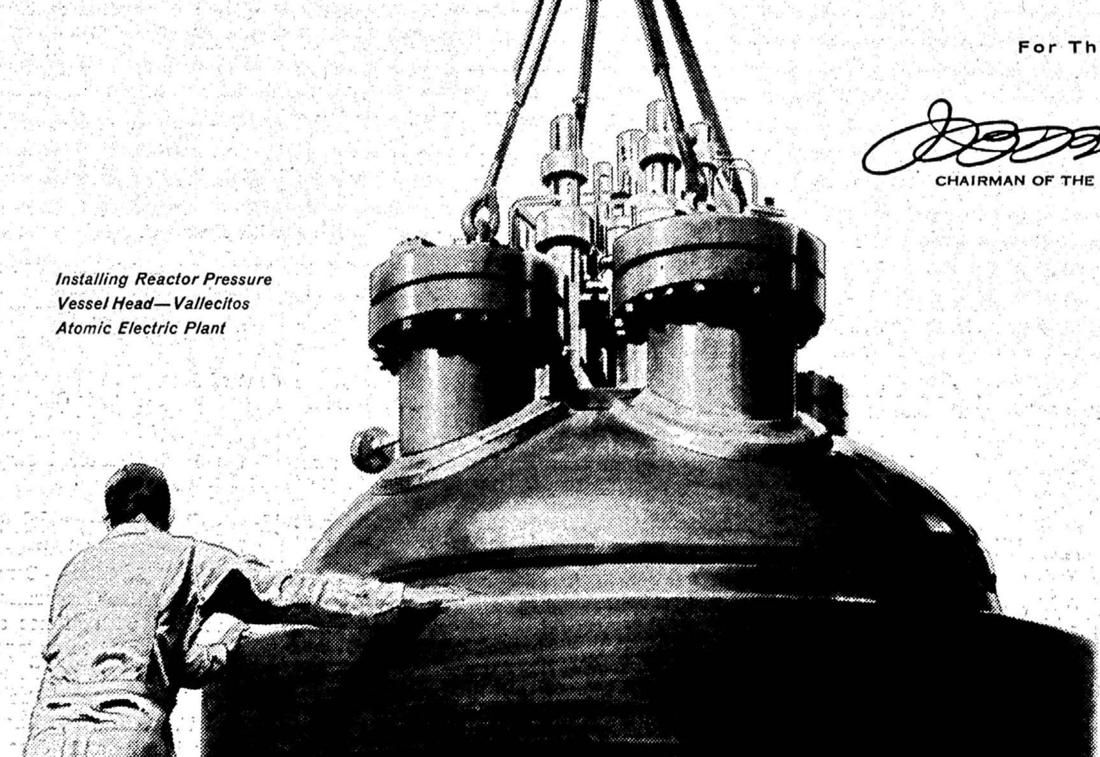
On February 18, 1958 the Company made a proposal to the Atomic Energy Commission to install and operate a 60,000 kilowatt atomic power unit, to be located at its existing Humboldt Bay Power Plant near Eureka. Because of advances in the design and technology of the boiling-water reactor, based on knowledge gained in the successful operation of the General Electric-P. G. & E. Vallecitos Atomic Power Plant, it is believed that the cost of power to be produced will approximate that from a conventional plant at the site selected. Eureka is a relatively high cost fuel area and there are other factors which make atomic power economically feasible there ahead of other areas in the Company's service territory.

TAXES:
The attention of stockholders has been directed from time to time to the heavy burden of taxation borne by the investor-owned utilities and their customers. Taxes are the largest single element of cost in providing service to our customers. To provide an equitable tax structure and needed revenues, tax laws should be extended to reach large segments of property and income which now escape taxation. One particularly flagrant example is the government-owned utilities which now are accorded virtually complete exemption from taxation. No possible justification exists for continuing this subsidy, which is in effect being paid out of the pockets of other taxpayers.

For The Board of Directors

CHAIRMAN OF THE BOARD

N. R. Sutherland
PRESIDENT AND GENERAL MANAGER



Installing Reactor Pressure Vessel Head—Vallecitos Atomic Electric Plant

For additional information on this vital western company write our Treasurer, K. C. Christensen, 245 Market St., San Francisco 6, for a copy of P.G.&E.'s Annual Report.

OTHER HIGHLIGHTS OF OPERATIONS

	1957	1956
Total Assets	$2,146,271,000	$1,978,581,000
Construction Expenditures	$ 215,285,000	$ 147,657,000
Electricity Generated and Received (kwh)	22,930,632,000	22,189,009,000
Sales of Electricity to Customers (kwh)	18,513,127,000	17,194,709,000
Electricity Delivered for Account of Others (kwh)	603,793,000	1,188,506,000
Sales of Gas to Customers (mcf)	322,481,000	303,586,000
Total Customers	3,344,570	3,247,929
Number of Employees	18,077	18,370
Number of Stockholders	225,487	221,328

PACIFIC GAS and ELECTRIC COMPANY

245 MARKET STREET
SAN FRANCISCO 6, CALIFORNIA

P·G and E· SERVES 47 OF CALIFORNIA'S 58 COUNTIES

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

The First National City Bank of New York is planning to open a new branch in Ascuncion, a city of a quarter of a million people and capital of Paraguay.

Scheduled to open later this year, the new branch will bring to 23 the number of First National City branches on the South American Continent and to 43 the number in Latin America.

Approval has been granted by the Federal Reserve Board, with the concurrence of the Government of Paraguay.

* * *

Appointments of several Vice-Presidents were among official promotions announced April 14 by **Guaranty Trust Company of New York.**

The appointees include Ralph F. Leach, Vice-President and Treasurer, and Stuart K. Barnes, Vice-President and Secretary, who were formerly Treasurer and Secretary, respectively. Also named Vice-Presidents were Benson Blake, Charles A. Cleveland, G. Kenneth Crowther, Paul J. O'Neill and H. Clifton Whiteman III, formerly Second Vice-Presidents who continue as district officers in the Banking Department; William C. Eiseman of the Fifth Avenue Office and John D. Rippe of the Corporate Trust and Stock Transfer Department, both promoted from Second Vice-President.

Promoted to Second Vice-President were William J. Byman of the Fifth Avenue Office, formerly an Assistant Treasurer, and William S. Clough, Jr. and Robert M. Hill of the Foreign Department, both of whom were Assistant Managers. John M. Porges and Robert J. Wynn of the Foreign Department were appointed assistant secretaries.

* * *

The merger of the **Fort Neck National Bank, Seaford (L. I.), N. Y.** with the **Security National Bank of Huntington (L. I.), N. Y.** has been approved by the Boards of Directors of both banks, according to a joint announcement by George A. Heaney, President of Security National and Herman H. Maass, President of the Fort Neck Bank.

The consolidation will mark the first time in the history of Long Island banking that a Nassau county bank has merged with a Suffolk banking organization.

The combined bank will have resources of more than $170,000,000 and will serve Nassau and Suffolk with 24 offices.

The merger must be approved by the stockholders of both banks and by the Comptroller of Currency in Washington, D. C.

The merger involves all seven offices of the Fort Neck bank which has total resources of more than $43,000,000.

Resources of the Security National Bank are $127,000,000 and the bank will have 17 offices serving Suffolk County and seven serving Nassau. It is the largest banking system in Suffolk and the third largest on Long Island.

Mr. Maass, a prominent banker in Nassau for many years, would serve as Vice-President of Security National Bank in charge of Nassau County Offices and a member of Security's Board of Directors. Former District Court Judge George E. Maccaro, first Vice-President of Fort Neck National Bank would serve as a Vice-President of Security National Bank and a member of the bank's Board of Directors.

The Fort Neck bank was organized as the **Seaford National Bank, Seaford, L. I.** in 1926, and in 1951 when it began its expansion program changed its name to Fort Neck National Bank of Seaford. Its total resources in 1951 were $8,500,000.

Security National Bank was organized in 1903 and in 1951 when it began its expansion program had total resources of $5,000,000.

Special stockholders meetings have been called for May 16 to vote on the consolidation. Fort Neck will hold its meeting in its main office in Seaford while Security National shareholders will vote at the bank's main office in Huntington.

* * *

Gomer D. Reese, Jr., Assistant Secretary, will be Officer in Charge of the new drive-in office of **The County Trust Company,** formerly in the Tanglewood Shopping Center, which moved April 12 to a new drive-in location at 2195 Central Park Avenue at the corner of Roxbury Drive, White Plains, N. Y.

* * *

Ralph T. Tyner, Jr., Board Chairman of the **National Bank of Westchester, White Plains, N. Y.,** has announced the election to the bank's Board of Reginald Gorton Coombe of Greenwich, Conn. The action was taken at the regular monthly meeting of the Board.

Mr. Coombe has recently retired as Senior Vice-President of **The Hanover Bank, New York City.**

* * *

NATIONAL BANK OF WESTCHESTER, WHITE PLAINS, N. Y.

	Mar. 31, '58 $	Dec. 31, '57 $
Total resources	150,899,395	147,541,693
Deposits	138,534,960	136,027,299
Cash and due from banks	21,462,692	19,363,542
U. S. Govt. security holdings	47,674,329	43,220,330
Loans & discounts	46,349,428	58,834,416
Undivided profits	1,322,688	1,414,286

* * *

The election of George F. Butterworth III as Investment Officer of the **Genesee Valley Union Trust Company, Rochester, N. Y.,** has been announced by Arthur M. R. Hughes, President.

Mr. Butterworth was formerly an Assistant Secretary of **The Marine Midland Trust Company of New York,** associated with the Trust Department.

* * *

The First New Haven National Bank, Conn. plans to establish a new branch office in the Allingtown 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 Currency to establish this branch which will be located on the Boston Post Road at the corner of Taft Avenue, near the center of Allingtown'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 bring to 11 the number of locations in the First New Haven's extensive branch office system.

* * *

Directors of both the **Passaic-Clifton Bank and Trust Company, Passaic, N. J.,** and the **County Bank and Trust Company, New Jersey** have approved plans for a merger. C. Kenneth Fuller, Chairman of the County Bank is scheduled to hold the same post and John C. Barber, President of the Passaic-Clifton Bank, will become President of the merged institution. The bank would be the fourth largest in the state with assets of $287,154,842.

* * *

By the sale of new stock **The Union Center National Bank, Union, N. J.,** increased its common capital stock from $625,000 to $750,000, effective April 2 (number of shares outstanding—30,000 shares, par value $25).

* * *

Paul H. Devaney, works manager of Jones and Laughlin Steel Corporation's Aliquippa Works Division, has been named to the advisory committee of the Aliquippa, West Aliquippa, and New Sheffield offices of **Mellon National Bank and Trust Company, Pittsburgh, Pa.** The announcement was made by John Neish, Assistant Vice-President.

* * *

THE PHILADELPHIA NATIONAL BANK, PHILADELPHIA, PA.

	Mar. 31, 1958 $	Dec. 31, 1957 $
Total resources	1,001,069,910	1,047,420,003
Deposits	889,349,498	935,141,791
Cash and due from banks	287,114,791	338,345,859
U. S. Govt. security holdings	168,331,112	174,273,814
Loans & discts.	428,939,004	435,920,180
Undivided profits	12,592,062	11,759,995

* * *

Three executive promotions were announced on April 11 by M. A. Cancelliere, President of **Western Pennsylvania National Bank, McKeesport, Pa.,** following a Board of Director's meeting.

Lucas E. Finney was named Vice-President in charge of WPNB community offices. He will supervise the 16 branch bank offices located in four Western Pennsylvania counties.

Mr. Finney was formerly Vice-President and Manager of the Smithton, Pa., office and also served as Manager of the Bookkeeping Department.

Archie W. Mabon was appointed Assistant Vice-President, Commercial Loan Department.

Daniel R. Graue was named Assistant Cashier in charge of the Smithton, Pa., branch office, succeeding Mr. Finney. Mr. Graue has worked at both the Belle Vernon and Smithton, Pa., branch offices.

* * *

The American Security and Trust Company, Washington, D. C. and the **National Metropolitan Bank, Washington, D. C.,** plan to merge into the largest bank in Washington history from the standpoint of resources involved.

Daniel W. Bell, President of the American Security and Trust, said his bank was offering to buy the outstanding stock of National Metropolitan at $80 a share. Mr. Jacobsen, President of National Metropolitan, in a letter to shareholders, said Directors of National Metropolitan recommended acceptance of the offer. It is conditioned upon at least 50,000 shares being tendered on or before May 9, shareholder approval of a liquidation plan and authorization by the Controller of Currency.

American Security and Trust would be the name of the surviving bank with three National Metropolitan offices becoming branch operations.

* * *

The election of Alvin G. Randt as Vice-President and Fred W. Brush and Jack J. Luttner as Assistant Vice-Presidents of **Central National Bank of Cleveland, Ohio** was announced April 10, by Loring L. Gelbach, Chairman and President, following a meeting of the Bank's Board of Directors.

Mr. Randt joined Central National Bank in 1943. His continuous service in the Installment Loan Division includes successive advancement to credit manager, office manager, Assistant Cashier; and since 1954 he has been an Assistant Vice-President.

Mr. Brush began his banking career in Cleveland in 1926 and since 1933 has been with Central National. Following diversified banking experience in the loan and operating departments and in the branch system, he transferred to the personnel department in 1947 where he has been manager since 1953.

The major portion of Mr. Luttner's experience since joining the bank in 1933 has been as a specialist in the operating department. He was elected an Assistant Cashier in 1951 and in 1953 was named officer in charge of the bookkeeping, distributing, account analysis and mailing divisions.

* * *

First National Bank of Akron, Ohio, increased its common capital stock from $4,200,000 to $4,368,000 by a stock dividend, effective April 1 (number of shares outstanding—436,800 shares, par value $10).

* * *

By a stock dividend, the common capital stock of the **Union National Bank and Trust Company of Elgin, Ill.,** was increased from $150,000 to $300,000, effective April 2 (number of shares outstanding—3,000 shares, par value $100).

* * *

The National Bank of Tulsa, Okla., has increased its common capital stock from $5,000,000 to $5,250,000 by a stock dividend, effective April 1 (number of shares outstanding—525,000 shares, par value $10).

* * *

W. Boardman Jones, Jr., was elected a Vice-President of the **Mercantile Trust Co., St. Louis, Missouri.**

* * *

The First National Bank of Springfield, Springfield, Ky., with common stock of $50,000, was merged with and into **Peoples Deposit Bank, Springfield, Ky.,** under the charter of the latter bank and under the title **First & Peoples Bank, Springfield, Ky.,** effective as of the opening of business April 2.

* * *

Four new Vice-Presidents have recently been elected by the Board of Directors of the **Bank of St. Louis, St. Louis, Mo.** They are: Daniel S. Hapke, Earl W. Weaver, Paul P. Keim, and Otto Key, the latter three having been promoted from Assistant Vice-President to Vice-President.

Mr. Hapke, also the bank's Cashier, was elected Vice-President and general counsel. In addition, he was elected a Vice-President and general counsel for General Contract Corporation, of which he is also Secretary and of which Bank of St. Louis is a subsidiary. He joined General Contract Corporation and Bank of St. Louis in 1947. He is married, has three children and resides at Kirkwood, Mo.

Mr. Weaver, who has been with the corporation and the bank since 1950, has occupied successively the position of adjuster, unit manager in the consumer credit department, manager of the retail insurance department and commercial loan officer. He is married, has six children, and lives at 21 Foxboro, Ladue.

Mr. Keim joined the organizations in 1941 and has held various positions in the investigation, personal loan, consumer credit and commercial loan departments. He is married, the father of two children, and lives at 5717 Itaska St. in St. Louis.

Mr. Key, who joined the corporation and the bank in 1947 in the correspondent bank division, has served in various capacities in that department ever since. He is married, has one child, and resides at Belleville, Ill.

* * *

By a stock dividend **The Munroe and Chambliss National Bank of Ocala, Fla.,** increased its common capital stock from $150,000 to $300,000, effective April 7 (number of shares outstanding—6,000 shares, par value $50).

* * *

The First National Bank of Beeville, Texas increased its common capital stock from $100,000 to $200,000 by a stock dividend and from $200,000 to $250,000 by the sale of new stock effective March 28. (Number of shares outstanding—5,000 shares, par value $50.)

* * *

Election of Byron R. Smith, as a Vice-President of the **Republic National Bank of Dallas, Texas,** was announced by James W. Aston, President of the Bank.

With the **First State Bank of Aransas Pass, Texas,** from 1938 to November of 1947, Mr. Smith advanced to Cashier. He then joined the staff of the **Second National Bank of Houston** (now the **Bank of the Southwest).** He served the latter bank, as Vice-President until 1957, when he became President of the **First State Bank of Celina, Texas.**

Cecil M. Higginbotham, was also elected a Director.

* * *

First National Bank in San Rafael, Calif., increased its common capital stock from $900,000 to $1,000,000 by the sale of new stock, effective April 2 (number of shares outstanding—100,000 shares, par value $10).

* * *

Mr. E. J. Mackenzie Hay has been appointed Deputy Chairman of the Board of Directors of the **National Overseas and Grindlays Bank Limited, London, England.**

Richard Edwards Now With Woodcock, Hess

PHILADELPHIA, Pa.—Woodcock, Hess, Moyer & Co., Inc., 123 South Broad Street, members of the New York Stock Exchange and other leading exchanges, have announced that Richard Edwards is now associated with them as Manager of their research department.

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

E. K. Van Horne Heads Division for NY Fund

Edward K. Van Horne, President of Stone and Webster Securities Corporation, is Chairman of financial institutions in the publicly-owned corporations division of the 1958 Greater New York Fund campaign.

Form Commonwealth Secs.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio—Commonwealth Securities Corporation has been formed with offices at 150 East Broad Street to engage in a securities business. Officers are William E. Swantner, President; Albert T. Schrader, Executive Vice-President; and Joseph R. Hague, Secretary and Treasurer.

With National Securities

(Special to THE FINANCIAL CHRONICLE)

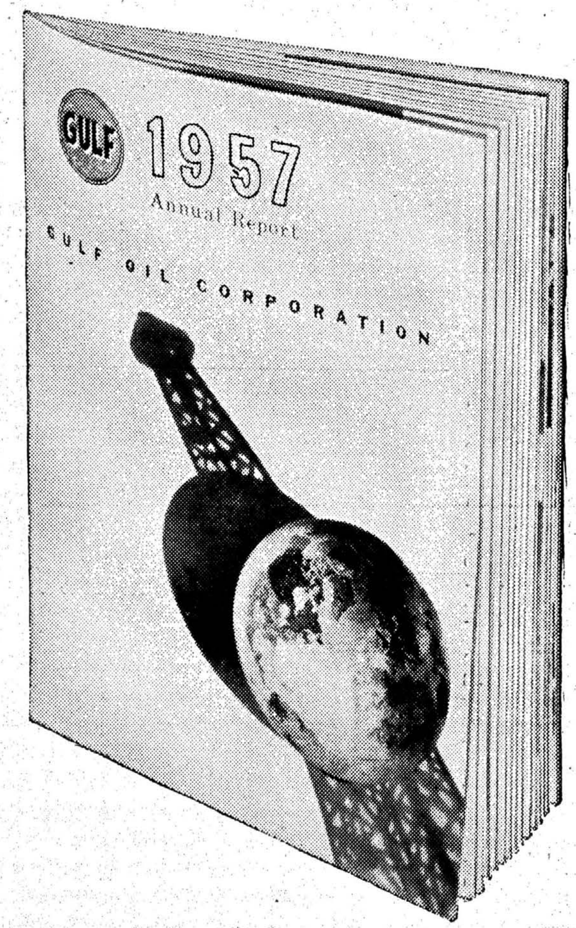
ATLANTA, Ga. — Ruth Dodd, Michael W. Furry, John K. Guinn, William O. Nunnally, Burton J. Rogers and Frank L. Whitsel have been added to the staff of National Securities, Inc., 1224 Spring Street, Northwest.

Join H. O. Peet & Co.

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — Lawrence M. Fogel is now with H. O. Peet & Co., Farnam Building.

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.

CONSOLIDATED FINANCIAL DATA

	1957	1956
Net Income	$ 354,284,000*	$ 282,658,000
Net Income Per Share *(based on shares at end of 1957)*	$11.38*	$ 9.08
Cash Dividends Paid	$ 73,823,000	$ 69,244,000
Cash Dividends Paid Per Share	$ 2.50	$ 2.50
Stock Dividends Paid	5%	5%
Total Assets	$3,240,571,000	$2,872,270,000
Sales and Other Operating Revenues	$2,730,085,000	$2,339,715,000
Capital Expenditures	$ 546,453,000	$ 465,950,000
Depreciation, Depletion, etc.	$ 252,265,000	$ 217,185,000

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

OPERATIONS DATA—DAILY AVERAGE BARRELS

(Includes Gulf's equity in companies less than 100% owned)

	1957	1956
Gross Crude Oil, Condensate, & Natural Gas Liquids Produced	1,253,775	1,087,097
Net Crude Oil, Condensate, & Natural Gas Liquids Produced	1,151,438	997,452
Crude Oil Processed at Refineries	682,215	667,874
Refined Products Sold	747,198	698,277
Natural Gas Liquids Sold	106,301	111,877

(For a copy of Gulf's Annual Report, write to Room 1300, P. O. Box 1166, Pittsburgh 30, Pa.)

Nye & Whitehead Formed in New York

Formation of the member firm of Nye & Whitehead to conduct a general securities business, with offices at 44 Wall Street, New York, was announced by Joseph S. Nye and Louis H. Whitehead. The new organization succeeds to the business of Cosgrove, Whitehead & Gammack, stock brokers and dealers in corporation securities and mutual funds.

Louis H. Whitehead Joseph S. Nye

General partners in Nye & Whitehead are Mr Nye, who also holds a membership in the New York Stock Exchange, and Mr. Whitehead. Else A. Nye is a limited partner.

Mr. Nye, a veteran of almost 40 years in Wall Street, passed 33 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, Haveg Industries and Granby Consolidated Mining, Smelting & Power Co. Ltd.

Mr. Whitehead started his career in the investment business in 1928 when he resigned from Syracuse University where he was teaching courses in corporation finance and investments, to become associated with an investment counselling firm. He came to New York in 1936 and became a partner in Dresser & Escher, 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 organization and its predecessor firms. Known as Neegaard, Miller & Co. in 1952, the firm name 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 is now with Morfeld, Moss & Hartnett, 721 Olive Street, members of the Midwest Stock Exchange.

McCoy Inv. Formed

WEST MONROE, La.—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 Vice-President of Joel 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. Zipse of Pikesville, Maryland, and W. Albert Smith, III, of Reading, Pa.

With H. L. Robbins

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—William E. Packard has become connected with H. L. Robbins & Co., Inc., 37 Mechanic Street.

Dillon, Read Group Offers Belgian Congo 5¼% Bonds at 98½%

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 5¼% external loan bonds of 1958 priced at 98½% 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 construction of native housing, including related utilities and public buildings and facilities, as a part of a ten-year plan for economic and social development of the Congo.

Under this plan, estimated to cost the equivalent of nearly $1,000,000,000, it is anticipated that capital expenditures for construction of native housing and related facilities will total about $96,000,000 and provide for about 40,000 dwellings. At Dec. 31, 1957, $64,260,000 had already been spent for these purposes and 28,000 dwellings constructed. The sites of present projects are Leopoldville, Stanleyville, Elisabethville and Bukavu in the Congo and Usumbura in Ruanda-Urundi, a territory governed by Belgium under a United Nations trusteeship agreement.

The Congo, the only colony of the Kingdom of Belgium, has an area approximately one-third that of the United States and a population at Dec. 31, 1956, of approximately 12,951,000, of whom 12,844,000 were natives. The Congo is rich in natural resources, including an estimated 103,340,000 kilowatts of potential hydro-electric energy, but its economic development is still in an early stage. Its development, however, has been rapid, with volume of exports increasing from 72,000 tons in 1918, to 660,000 tons in trade in recent years. Mineral products, primarily copper, constituted approximately 66% in value of exports for 1956. The Congo is among the world's largest copper producers and was the source of about 7.5% of the world's copper production in 1956. In that same year it was the world's largest producer of cobalt and industrial diamonds and the fourth largest producer of tin.

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 101½ 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-foil kites to large satellites, are some of the specifications envisioned by two chemists of the Aerojet 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 featherweight, metal-foil "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 Sterge T. Demetriades, technical consultant to the Aerojet-General Corporation, Azusa, Calif. Co-author of the report is Dr. Carl B. Kretschmer, research chemist with Aerojet-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 these 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.

Use Sun's Energy

In the upper atmosphere, the fierce rays of the sun break up nearly all the oxygen molecules into single atoms. Since these atoms release large amounts of energy when they recombine into molecules, this thin air serves as an unlimited storehouse for the energy of the sun, waiting to be used for propulsion or other purposes, the report explained, adding:

"The atomic oxygen may be made to recombine by two methods: either by passing it over a catalyst (a chemical that promotes this particular process), or simply by compressing the gas stream. Since the density of the atmosphere at an altitude of 60 miles is extremely low (about one millionth of its sea-level value), the available thrust is quite small. But the frictional drag is very small for the same reason, and a ramjet flying at speeds of several times the speed of sound could easily produce enough thrust to overcome the drag. The ramjet would have to be made of extremely light materials, such as thin metal foil, since the lift produced per unit area of wing surface is so small.

"Professor Paul Hartech of Rensselaer Polytechnic Institute is investigating the possibility of constructing a vehicle of this type to fly at about twice the speed of sound, using a catalytic power plant. Since it would not have to carry any fuel, it could stay in the air indefinitely. Because of the extreme lightweight construction required, such a vehicle would have to be unmanned. It would be useful for such purposes as a reflector for television or microwave signals, weather surveillance, or safety stations.

Speeds of 18,000 M.P.H.

"At Aerojet-General a different approach to the problem is being investigated. If the atomic oxygen ramjet can be made to fly at orbital speed (18,000 miles per hour) no lift will be required, and heavy payloads of men and instruments can be carried in orbit at 60 miles altitude indefinitely, provided the drag can be made smaller than the available thrust. No fuel would be required. The atomic-oxygen satellite would extract sufficient energy from the atmosphere to overcome the drag. Preliminary calculations indicate that it will not be easy to reduce the drag to this level, but the possibility is not yet definitely excluded."

At orbital velocity, the recombination of oxygen atoms would necessarily have to be done mainly by compression, since a catalyst surface would produce too much drag, the authors commented.

Even more significant than this simple scheme for permanent orbiting at low altitudes would be the idea of using this permanent satellite as a propellant factory in the sky, that is, a plant for actually capturing the oxygen atoms, to be used later as a rocket propellant," they declared. "The difficulties we expect to encounter in making these schemes feasible are formidable, but it is too early to state with certainty that they are insurmountable."

Satellite Chemical Factory

"Perhaps a compromise power plant utilizing some degree of ram compression and catalytic walls would offer the best chance of success. In any case, many other solutions remain to be investigated. For example, one could conceive of a vehicle which actually decelerates in the atomic oxygen layer and picks up atomic oxygen to use on its next flight. Also, since the sun dissociates oxygen on other planets, it is conceivable that the same scheme could be used in other planets, and the resulting fuel economy could enhance the possibilities of inter-planetary flight.

"In size these power plants may vary from a few feet in length and diameter for unmanned microwave reflectors to many hundred feet in length and diameter for manned, high-speed propellant factories.

"In conclusion let us remind ourselves that, although the mechanism which produces these readily available propellants is the relentless glow of the sun, the mechanism by which we can utilize it is the ingenuity and relentless toil of men."

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Roger S. Struck is now with Merrill Lynch, Pierce, Fenner & Smith, 216 Superior Avenue, Northeast.

Merrill Lynch Adds

PORTLAND, Ore.—John J. Villani has been added to the staff of Merrill Lynch, Pierce, Fenner & Smith, Executive Building.

Is Chemical Research Ignoring Thorium and the Rare Earths?

By S. BECKER TREAT*
Vice-President-Sales, 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 dealing with the lack of recognition accorded these materials. 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 earths. States these materials will be in excellent supply and are worthy of serious attention today.

Before my very brief discussion of the potential of these materials, I want to put in a plug for uranium's country cousin — thorium, and those hitherto exotic but now almost down-to-earth materials such as samarium, gadolinium, dysprosium, europium, etc. If these are to supplant certain other materials now receiving closer attention in nuclear application, we should be susceptible to the idea of replacement, for some of these materials might be just what the doctor ordered.

S. B. Treat

Any consideration of market potentials for our materials must be predicated first upon the close inter-relationship of production and upon their occurrence together in nature. Although there are ores containing on the one hand mostly thorium and on the other hand mostly rare earths, it is hard to beat monazite as a starting material. Monazite such as we process today yields 9 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 excess rare earths — a good backlog with which to face the future and pursue new markets. Since both thorium and rare earths come out of our processing streams simultaneously, what affects one must necessarily affect the other.

Much of the potential for these interesting elements may well be realized by vigorously pursuing the extension of known uses, and for this reason we should review briefly just what industry is doing with them now and look at what is ahead. With respect 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 wood's cabin, the lamps of China and indeed much of the entire world still use vast quantities of them. American thorium prices are competitive in the world market, but political intrigue and lack of hard American dollars denies us much of this foreign market. Better international feeling, more stable conditions in the international monetary market, and perhaps a barter program might well open this market to us. This same Welsbach Mixture is a good oxidation catalyst and is usable in the Fischer-Tropsch reaction.

Alloy for Missiles and Jets

Thorium's high melting point—over 6500°F—has led to its use as a high temperature refractory material. However, the brightest non-nuclear future for thorium seems to be as an ingredient in a thorium-magnesium alloy. This alloy has filled a gap in materials for jet planes and missiles. They seem to be the only suitable light weight 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 respectable tonnage of thorium. At present the aircraft and missile 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.

*An address by Mr. Treat before the Atomic Energy Conference sponsored by Atomic Industrial Forum and the National Industrial Conference Board, Chicago, Ill., March 17, 1958.

Now for the rare earths—please take a mental look at the periodical chart of the elements. Of the 90 odd elements occuring 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 to imply that the industrial uses should reflect that relatively high percentage. But, assuming that everything in nature was endowed with a purpose, I submit that the rare earths are here for something more than being almost totally ignored in most college chemistry courses and only occasionally thought of in chemical research. Let's look first at the present uses and the chances of expansion therein. The first American use, and today still one of the most significant is that of the cores of carbons for movie projectors, the klieg lights essential to movie and TV production, as well as search lights and Coast Guard beacons. The future in this application seems tied principally to the role that movies and television will play in our lives. Another and equally significant application is the use of Cerium and Rare Earth Oxides as glass polishing agents. Today it is a reasonable bet that eye glasses, the lenses of cameras, the mirrors in home and office, the face plate of TV picture tube and countless other glass specialties were polished with these oxides.

Here one can become quite enthusiastic about the future which could well be a multi-million dollar market. Plate glass, which is simply window glass that has been ground and polished, is now abraded on both sides simultaneously — a great step forward. Otherwise, little or no change has been made in polishing techniques since the day the first piece of plate glass was made. Plate glass producers buy red rouge, just cheap red iron oxide, by the carloads. Because this is a slow working material, at least by comparison with cerium, the plants must have polishing lines so long that one end can't be seen from the other on a foggy day. Can the speed and cleanliness of Cerium or Rare Earth Oxide be made to pay off for these people? Can they create better glass surfaces at less cost per man hour with less capital investment? These ideas are under intense study at the present time. If this project is successful the prospect is that we will be furnishing carloads of materials to replace something that has been far less productive.

Future in Molten Metal Industry

Misch metal — a metal made from the entire rare earth group —plus iron, equals the flint in your cigarette lighters. You can readily see that give-away matches play no part in the advertising and sales promotion program of the rare earth industry. This good old country of ours is just about the only one in the world in which matches are given away. This may be a bit facetious, but if each American would refuse his free matches and use lighters instead, each and every one would rate a low bow from me. Seriously, though, misch metal and/or certain rare earth chemicals might well have a tremendous future in the molten metal industry. Today there are several prominent steel companies swearing by the rare earths, as additives to certain grades of steel —others seem to swear at them. 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 action 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 large expansion 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 opacifying effect of tin or zirconium oxides. Cerium prices today, however, prevent wide spread use of this fine opacifier — 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 thru 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 heads may well catayze surface combustion rate sufficiently to warrant reduction of anti-knock additives in gasolines to say nothing of prolonging piston and cylinder head life. The prospects of using a large tonnage of rare earths in this application is indeed 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, therefore, expect some interesting results.

Battelle Investigation

Finally, a group of companies are currently sponsoring a rare earth utilization program at Battelle Memorial Institute — concerned at present with four potential applications. I must admit two things — first, that such potential nuclear materials such as samarium, gadolinium, dysprosium and europium have hardly, if at all, been mentioned. The reason is simply that no other worthwhile use is known. But, as indicated previously, what effects one rare earth element inevitably affects the others in one way or another. These excellent neutron absorbers are available today at prices representing only a fraction of those prevailing a few years ago and in many causes, hundreds of pounds can be produced at a time rather than gram by gram. My second admission is that much of the future is of the "if this" or "if that" variety. But please bear in mind that generally speaking chemical research has given the rare earths a cold shoulder—Why bother with them, they are rare and expensive. This industry has news to give, for in many cases carloads are available and many of the prices are in the general commercial chemical range. Furthermore, in recent years, large well-financed companies have either built thorium and rare earth processing plants or else acquired existing ones. It is fair to state, therefore, that the industry's research, advertising and marketing programs will receive additional shots in the arm.

Thorium and the rare earths will be in excellent supply. Constant work on new production techniques, possibly new and cheaper ore sources, and a vigorous program of application research, can only mean wider availability and lower prices. These provocative and somewhat exotic materials are, therefore, worthy of serious attention today.

G. J. Stadtler With F. S. Moseley & Co.

PHILADELPHIA, Pa. — F. S. Moseley & Co., 1421 Chestnut Street, members of the New York Stock Exchange, announce that George J. Stadtler, Jr., has become associated with their Philadelphia office as a registered representative.

Prior to joining F. S. Moseley & Co., Mr. Stadtler was associated with Stone & Webster Securities Corporation and prior to that was an Assistant Vice-President and investment officer of the Girard Trust Corn Exchange Bank.

Mr. Stadtler graduated from the Wharton School of Finance of the University of Pennsylvania and the Graduate School of Banking, Rutgers University. He is a member of the Philadelphia Securities Association and the Investment Traders Association of Philadelphia. He is a Colonel in the U. S. Army reserve.

Fairman Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Cal.—Karsner Cleland has been added to the staff of Fairman & Co., 210 West Seventh Street, members of the Pacific Coast Stock Exchange. He was previously with Dempsey-Tegeler & Co.

Now Duke Securities

ATLANTA, Ga.—The firm name of Duke, McGee & Co. has been changed to Duke Securities Co. The firm, now located at 3030 Butner Road, Southwest, Atlanta, was previously in College Park, Ga.

Investment Dealers of Canada Annual Meeting

TORONTO, ONT., Canada—The forty-second annual meeting of the Investment Dealers' Association of Canada will be held at the Manoir Richelieu, Murray Bay, Quebec, from Wednesday, June 18 to Saturday, June 21, inclusive.

Programs are being arranged so that business sessions for the members will be held in the mornings. The registration fee is $35 for each member and $20 for the ladies.

All reservations, for transportation and accommodation at the Manoir Richelieu, are to be made through J. A. Kingsmill at the Association's head office, 55 Yonge Street, Toronto.

Program for the meeting is scheduled as follows:

Tuesday, June 17, 1958

2:30 p.m.—Meeting of the members of the outgoing National Executive Committee in Card Room A.

Wednesday, June 18, 1958

9:30 a.m.—Meeting of the members of the outgoing National Executive Committee.

12:30 noon—Arrival of members.

5:30 p.m.—Reception by the President, Mr. R. H. Dean for members, their wives and guests in the Lounge.

9:00 p.m.—Dancing in the Casino.

Thursday, June 19, 1958

9:30 a.m.—FORUM—"Securities Salesmanship" in the Rose Room. Chairman, Dudley Dawson, Dawson, Hannaford, Ltd., Montreal.

10:40 a.m.—ANNUAL MEETING of all the members in the Casino. Guest of Honor and Principal Speaker (to be announced later).

12:00 noon—Cocktail party for the Ladies in the Lounge.

2:00 p.m. — Golf Tournament (see form attached).

5:30 p.m.—Cocktail party in the Lounge.

9:30 p.m.—Entertainment by a group of French-Canadian singers and dancers in the Casino.

Friday, June 20, 1958

9:30 a.m. — FORUM — "Office Procedures and How to Improve Internal Office Operations" in the Rose Room. Chairman, J. L. McAlpine, Wood, Gundy & Co., Ltd., Toronto.

10:40 a.m.—ANNUAL MEETING of all the members in the Casino. Guest of Honor and Principal Speaker (to be announced later).

2:00 p.m. — Golf Tournament (see form attached).

5:30 p.m.—Reception by the incoming President for members, their wives and guests in the Lounge. Presentation of golf prizes.

9:00 p.m.—Dancing in the Casino.

Saturday, June 21, 1958

9:30 a.m.—Meeting of the members of the incoming National Executive Committee in Card Room A.

10:00 a.m.—Members must have their luggage labelled and ready for delivery to the boat.

2:25 p.m.—Departure for Montreal.

Nine Important Trends Shaping The Chemical Industry

By DR. WILLIAM COPULSKY
Commercial Research Director
Grace Research and Development Division
W. R. Grace & Co., New York City

Chemical commercial research head discusses nine significant trends bound to shape the chemical industry. In looking ahead, Dr. Copulsky observes: (1) competition now includes research as well as sales and may well end high profits once associated with high grade research; (2) transformation of chemical industry from industrial capitalism to finance capitalism, and increasing reliance on staff work, will encourage rise of top management from staff rather than line jobs, and the growth of "generalist" as distinguished from the "specialist"; and (3) crossing of industry lines with chemical firms going into atomic energy, petroleum and metal—and vice versa—and expansionary diversification abroad. Author foresees growing demand trend for the chemical industry revolving around seasonal and inventory type of setbacks.

Forecasters are often called upon to look ahead in terms of pinpointed numbers. This "numbers game" is a useful and practical analytical process.


Dr. Wm. Copulsky

But just as important is the consideration of broad movements and trends which will affect the foreseeable future Here are nine important trends which will shape the chemical industry. These trends will define the risks and profits of the forthcoming years. The effect of these trends applied to the individual business will be very important to the future of that business:

(1) Technological change through research will be more rapid and more competitive.
(2) Pressures on raw material supplies will mean greater attention to mineral development in all parts of the world, and to agricultural resources at home.
(3) In the company organization, staff workers and management will increase faster than the line organization.
(4) Prices and costs will rise with costs probably tending to rise faster than prices and squeezing profits.
(5) Companies will intensify diversifications crossing over into other "industries."
(6) Demand will continue to increase steadily with only mild seasonal and inventory type setbacks.
(7) The shortage of "brainpower" will get worse.
(8) Chemical firms will intensify their foreign operations.
(9) The "generalist" as opposed to the specialist will come into his own.

Many of these important trends are closely interrelated. Let us now look at them in somewhat more detail.

(1) Technological change through research will be more rapid and more competitive.

It has become evident in recent years that the area of intensive competition has been broadened to include not only the sales, but the research area. The rapid developments in the new low pressure polyethylenes in the last three years are evidence of this trend. With intensified research by highly skilled teams, a drive for quick commercialization of research has been dominant. This has and will result in many new and low-cost products. On the other hand it may mean an end to high profits once associated with high-grade research.

The quick development of the atom bomb under the high pressure of military needs revolutionized thinking on the speed of developing new products. This has been somewhat mitigated by recent experience of some companies on the difficulties of converting research to profitable plants both for such new products as caprolactam and well established products as methanol. These difficulties are partially due to increasing desire and need for high purities and closely controlled specifications.

The cold-war has also intensified research under government subsidy both by government, and through private firms under the impetus of prospective contracts. The intensive research on atomic energy and rocket fuels and materials have and will have by-product effects on non-military markets.

Research by "teams" will give less importance to the individual inventor. Great discoveries will still come from individuals as Dr. Ziegler has recently shown with his new isotactic polymers. However, the research "teams" will quickly find ways to duplicate the same effects by alternate methods as was the case with Dr. Ziegler's discoveries, and extend such discoveries to wide lines of effort in a short time.

This intensification of research and the "team" concept will put great pressure for changes in our patent system in practice and concept. Our patent system is not today equipped to handle the volume of work or the complications of the rapid new research effort.

Contributing to the need for research will be the growing pressure of scarce raw materials and increasing costs generally.

The growing shortage of "brainpower" will also mean greater reliance in "team" efforts, and greater use of technicians to increase productivity of research scientists.

(2) Pressures on raw material supplies will mean greater attention to mineral development in all parts of the world, and to agricultural resources at home.

Use of raw materials by the chemical industry is increasing exponentially. This will mean pressure to develop new technologies to deal with marginal resources and alternate materials. One rapidly developing focus of research is the processes for direct reduction of iron ore.

At the same time there will be intense pressure to develop new resources, especially mineral resources in Latin America, Africa, Australia—eventually in the Arctic regions.

Domestically, government agencies and private concerns will intensively investigate the use of potentially inexhaustible raw materials. Recent announcements of polyamide resin from castor oil, levulinic acid, and other agricultural based products confirm this trend. This trend would be intensified by the failure of the government to find a real politically acceptable solution to the farm surplus problem.

Pressure on raw material supplies will be reflected in increasing costs and prices for chemical products. However, despite the fact that natural gas and oil prices will go up faster than coal, chemicals based on gas and oil will increase more rapidly than those from coal. Some reasons for this are the facts that costs of these basic materials are diluted in total costs, freight costs on coal wipe out some of the savings at the mine, and the technological difficulties of large scale coal-to-chemical projects.

Pressure on raw material sources will also induce U. S. companies to turn to foreign operations. A recent example is a move by a U. S. company into naval stores in Mexico.

(3) In the company organization, staff workers and staff management will increase faster than the line organization.

As business becomes larger, more complex, and requires greater long-term planning, the need for staff work will increase. At the same time automation of production and clerical activities will intensify this trend.

This will mean a greater organized part of the company which can say "no." On one hand this will prevent companies from going into some exciting new high-profit ventures. On the other hand, by preventing severe mistakes, it may smooth the course of profits and minimize severe fluctuations in business.

The increase in staff functions in the chemical industry will mean greater need for more graduate business training for chemical engineers and chemists. Already there has been a tremendous growth since the end of World War II in such staff functions as market research. At first chemists and engineers with practical business background filled these positions. Now there is an increasing demand for supplementation of the basic scientific background by graduate business school.

This trend will accentuate our basic shortage of brainpower. Graduate business and scientific schools will be strong contenders for recent graduates.

Eventually the tendency to automation will be further extended to staff functions. Already high speed calculators are being used in problems concerned with market research, accounting, traffic, etc.

As companies intensify diversification and spread into other "industries," the need for staff work will increase. The need for staff workers who are "generalists" rather than specialists will become apparent—more people who know a little about a lot will be required. The crossing of specialties—as chemistry and business—is already an indication of this trend.

With increasing reliance on staff and a completion of the transformation of the chemical industry from industrial capitalism to finance capitalism, there will be a greater tendency to select top management from staff rather than from line jobs. Already many accountants and lawyers have found their way to the top. This trend will continue. The day of the chemist or chemical engineer who starts and successfully manages his own business is about over. The professional manager and his staff is taking over.

(4) Prices and costs will rise with costs probably tending to rise faster than prices, and squeezing profits.

Government deficit spending, the continuing of the cold war, the growing influence of pressure groups to spend—plus the fact that it is easier to spend than tax will contribute to a continuing at least of mild inflation. Other contributing factors will be the tie-in of wages to productivity backed by strong unions; and pressure on exhaustible raw material supplies.

We can also look forward to continuance of present Federal tax rates, with increased expenditures on public construction of roads and schools—two critical items which could hurt our future economy if not taken care of by increased expenditures.

The heavy pressure on labor costs will be an incentive to automation—in turn this will relieve pressure on the labor supply, but the decreased demand for labor will be channeled in directions other than unemployment. Some places where the slack will be taken up will be: a shorter work week with more leisure, a lowered retirement age, longer vacations, and increasing length of college training with more going to graduate school. A premium paid for the high skills of graduate schools will justify the increasing cost and time of this training.

An increase in leisure time will open new markets. The large recent increase in pleasure boat sales and use is an example.

Another possible factor keeping up costs and squeezing profits is potential overcapacity in plants as a result of the impetus of a booming economy, relatively easy money, rapid amortization and other tax benefits granted by the government, etc. Some experts estimate that even in 1960 about 75% of established chemical products will be in significant overcapacity. Increased fixed charges per unit of output will contribute to higher costs and lower profits since the prevailing competition will not allow compensating price increases.

Rising costs and profit squeezes will give a major impetus to research designed to increase productivity and cut costs of raw materials.

(5) Companies will intensify diversification crossing over into other "industries."

"Chemical" companies will continue their expanding diversification, tending to cross more and more into other lines of industry. Such moves into atomic energy—petroleum—metals—are already apparent. By broad definition and background chemical companies are capable of such spreading especially as new technologies develop. This is especially true of the metals industry where a trend from thermal to chemical methods is drawing chemical companies into such fields as titanium and others, often in partnership with metal companies, but often alone. These fields potentially are as large as the "chemical" industry.

Chemical companies, especially in recent years have also come to recognize the value of their intermediate position in the economy between the very basic raw material producer and the ultimate consumer. This position favors high growth and profits. There has been a recent re-recognition of the risk of chemical companies going into products for direct sales to consumers, with abandonment of the more favorable "middleman" position.

One factor forcing the crossing of industry lines is the force of the anti-trust laws against too great a concentration in one line. New interpretation of these laws may also adversely affect vertical integration. These new forces will all increase the trend for chemical companies to cross industry lines.

This broad diversification in industrial activity will tend to increase the need for staff workers. But management staff will have to become more "generalist" and less specialist in their approach. There will be an increasing need for more men with widespread, though not necessarily intimate, knowledge of a variety of businesses.

The chemical industry today is a very loosely connected industry using a vast number of raw materials and producing an even greater variety of final products. It is tied together mainly by the similarity of the operations and processes employed. As these types of processes spill over into other industries as the metals, the chemical "industry" will move with the processes.

On the other hand, companies in other "industries" will "spill over" into the chemical industry as such companies as W. R. Grace, U. S. Steel, General Electric, and the petroleum companies have already done.

(6) Demand will continue to increase steadily with only mild seasonal and inventory type setbacks.

Based on the experience of the postwar years it seems reasonable to assume that, as it has in the past 10 years, the economy will continue to grow steadily with only minor setbacks affecting chemical business.

Some of the temporary setbacks will be due to overcapacity in the industry with tendency to overproduce. Production will tend to fluctuate as attempts are made to keep inventories at reasonable levels. Other artificially induced fluctuations will be artificial in nature, as the two-year new automobile model cycle. With car manufacturers making substantial model changes every two years, a cycle is created affecting demand for chemicals and other car production requirements.

However, these fluctuations will tend to be moderate. The increasing staff structure of business makes it better organized to say "no," and less business decisions will be based on "mob psychology. This means less buoyant expansion and less severe drops in business. Also putting dampers on fluctuation will be the at least mildly hostile government environment, backed by monetary and fiscal controls used with little hesitation or loss of time, and anti-trust laws.

A probably continuing mild inflation will accompany the steady business rise.

The trend of the economy will be upward not only in the U. S. but in most of the world. Many relatively undeveloped areas as Latin America and Africa under the spur of U. S. and world general prosperity will develop rapidly.

Most forecasters of chemical demand will continue to be fooled. They will continue to underestimate the demand for rapidly growing products as polyethylene, and overestimate the demand for slow growing well established products subject to rapid technological change.

(7) The shortage of "brainpower" will get worse.

Many who worry about specific shortages of manpower as chemists or chemical engineers tend to overlook the primary shortage by nature of brainpower. Intelligence is normally distributed. There are many of average intelligence, few of high intelligence. The average figure shows no tendency to increase naturally, to the best of our knowledge.

Therefore, as civilization grows more complex, and the intelligence remains the same, when the complexity of the culture increases faster than its population, we run up against the brainpower shortage. In recent years the chemical industry has solved this problem partially by drawing people from other fields principally from the liberal arts. But in the last few years, the fastest growing schools have been the schools of business and commerce. There will soon be a real conflict here on the graduate level in inducing students.

The major sufferer will be education which is getting less and less tempting as a career. This is an especially dangerous trend since it could result in the least qualified doing the teaching. Some way of making teaching more attractive is certainly necessary.

The brainpower shortage will mean gradual forced elimination of employment discrimination of all types. The more widespread use of women in professional jobs is already underway.

The use of more trained technicians to supplement and make more efficient the use of scientists is also a necessity. Brainpower shortage will accentuate the use of research "Teams" and use of automation where possible.

To some extent, the attractive U. S. economy will tend to draw skilled brainpower from abroad, especially from such mature economies as Great Britain, where there is no language barrier. How far this trend goes will depend upon the immigration laws and the relative weight foreign chemists and chemical engineers place on the tangible and greater monetary awards offered in the United States. On the other hand, as the U. S. chemical industry spreads abroad, we can also expect more U. S. chemists and chemical engineers to go abroad.

(8) Chemical firms will intensify their foreign operations.

In view of the rapid expansion of the U. S. chemical industry and need for scarce manpower and capital domestically, many U. S. firms were reluctant to expand abroad, especially when their export business was good. Many fears held them at home; strange laws, customs, and taxes; the greater tendency of foreign governments to interfere in business; danger of expropriation, or losses in wars or revolution, etc.

But with the growing competition of European and Japanese producers in export markets, with seemingly decreased opportunities domestically for expansion, and with the probable formation of large free trade economic areas in Europe, and on a smaller scale in Latin America, there is a growing trend to building branch plants abroad.

Other reasons for these moves abroad are the effect of anti-trust laws limiting U. S. expansion domestically, the increasing need for minerals and raw materials from foreign countries, and, of course, the growing foreign economies with living standards rising to the point where real demand for industrial chemicals is created in a large scale. Another important impetus has been the possibility of tax savings through foreign operations.

Chemical companies have found it increasingly difficult to export abroad, not only because of foreign and local competition, but because of the increasing difficulty of passing through barriers of exchange controls, tariffs, quotas, and other artificial impediments to business. At the same time U. S. firms manufacturing abroad have found that the markets for locally produced items are larger than for the same imported items. This is due to removal of artificial import impediments, convenience of ordering and delivery. Side benefits to the U. S. are the contribution abroad to employment, purchasing power, and international good feeling, as well as the acquaintance of American management and personnel with the ways of the rest of the world. With U. S. technology and research backing up the foreign operation, a sound basis to bring the benefits of modern chemistry to the world exists.

This spreading diversification abroad requires a new type of management with broad new skills and understanding backed up by able staff help.

(9) The "generalist" as opposed to the specialist will come into his own.

As chemical companies grow in size and complexity crossing industry lines and expanding throughout the world, a greater need for the "generalist," the man who knows a little about a lot, as opposed to the specialist will develop. The increasing demand for men trained in both chemistry and business is evidence of this trend. Undoubtedly, such persons will require a basic background in chemistry or chemical industry.

Unfortunately, the development of the generalist is opposed to our current academic tradition, although recently the monetary awards given to the "generalist" on television have been stimulating.

Actually our colleges have encouraged specialist, with narrower and narrower 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 expertness 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 evident 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 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. Olszewski has joined the staff of Putnam & Co., 6 Central Row, members of the New York Stock Exchange.

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 Assns.

After reviewing the more important implications involved in joint property ownership, Professor and Attorney Shattuck concludes "that the advantages . . . are greatly overrated." The Pittsburgh writer concedes its feasibility if limited to modest bank account, family home and possibly a few securities, but contends that changed times make it inadvisable to place title in joint names automatically without considering such possible consequences as needless tax payments and harm to welfare of families concerned. Submits disadvantages of joint ownership will steadily become more serious in oncoming 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 familiar type of joint ownership. Bank accounts, U. S. Savings Bonds, stocks and real estate are commonly held in joint names — usually those of husband and wife. In a great many cases, the bulk of the total assets owned by husband and wife are held jointly with right of survivorship. And the value of such property is not only very great, but apparently is increasing in amount.

Leroy A. Shattuck

The Brookings Study of Share-Ownership in the United States, published in 1952, revealed that the incidence of stock ownership increases substantially as personal incomes rise. The 1956 Census of Shareowners, a survey sponsored by the New York Stock Exchange, substantiated these earlier findings. The study also indicated that joint ownership showed a significant increase over 1952. Quite likely, a contributing factor has been the exclusion from tax of the first $50 ($100 if joint ownership) of dividends as provided by the Internal Revenue Code of 1954. Undoubtedly, the total value of jointly owned property, including real estate, is greater today than ever before. Hence, it is proper to review periodically the advantages, and particularly the disadvantages, of such type of ownership.

Some Possible Advantages

Jointly owned property with right of survivorship passes automatically to the survivor, by operation of law, upon the death of a joint owner. The result is that property so held does not fall into the estate of the co-owner first to die. Thus it avoids the sometimes complicated and lengthy administration of the estate, and avoids the fees and legal costs incident to such administration. It also has the advantage of considerable convenience.

In certain cases it may be quite feasible to hold property in joint names. For example, the husband may desire that the family residence pass directly to his widow on his death. But even this arrangement would not be desirable under all circumstances. In other cases, it may be suitable for title to bank accounts or securities to be taken jointly. The typical joint bank account permits either co-owner to draw on the account. Such an account can be a convenient way of handling funds of modest size. Moreover, the surviving spouse, most likely the widow, will have such funds immediately available to her. But it doesn't follow that all bank accounts, regardless of purpose or size, should be held in joint names.

It may also be desirable, under certain conditions, to take title to securities in joint names. For example, if the amount involved were nominal, and made up the bulk of the property involved, probably no serious objection could be raised. Another case could be where the security is purchased by a parent with his own funds, with the intent that sole title to the security would ultimately vest in his child.

Some Questions to Be Considered

Probably most persons who take title to property in joint names do so without recognition of the various factors which may be involved. They may act on the advice of the securities salesman, or on that of the cashier or teller of their local bank. In other cases, it is on the advice of a relative or trusted friend. In still other instances, they may act on impulse, without giving the matter any serious thought whatsoever, believing apparently that there is no other acceptable alternative.

Certain of the questions involve tax considerations. No doubt it is deplorable that tax considerations should dictate or influence the choice of alternatives, but where the tax bite is well-nigh confiscatory in the upper brackets, and not unburdensome in the lower brackets, they should not be ignored.

Tax implications to be considered before taking title jointly include the following:

(1) What will be the effect of the state inheritance tax laws?

(2) What gift taxes, if any, will be involved?

(3) What will be the effect of the Federal estate tax laws?

(4) Can the provisions pertaining to the marital deduction be applied most effectively?

(5) What will be the impact of taxes on capital gains. And losses?

Other considerations include the recognition that taking title to property in joint names normally places it outside the sole control of either co-owner, and that subsequent events, not foreseen at the time, may show such procedure to be most unwise. A subsequent divorce, or death in the immediate family, may result in circumstances that lead to awkward results not foreseen at the earlier time.

The more important of the various implications pertaining to jointly owned property with right of survivorship will not be discussed.

State Inheritance Taxes

The inheritance tax statutes of the several states vary considerably. Consequently, the impact of state death duties on jointly owned property will depend specifically on the applicable state laws involved. In case of personal property, the applicable state laws will be those of the domicile of the decedent. Where real estate is involved, it will be those state laws of the situs of the real estate.

In some states, the ownership of property jointly with survivorship rights may result in some saving of state death and transfer taxes. In Pennsylvania, for example, there is presently no inheritance tax imposed on jointly owned property passing to the surviving spouse. As for property owned jointly by other than spouses, 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. In most cases, presumably this share would represent a one-half interest. In the former case, the tax saved would be at a rate of 2%. In the latter case, depending on the degree of relationship, the applicable rates are as high as 15% of the appraised value of the property interest passing to the survivor.

In many states, inheritance tax rates vary according to the degree of relationship of the parties involved. In any event, the impact of the applicable state inheritance taxes should be recognized and weighed by the parties contemplating taking title to property jointly with survivorship rights. The possible tax saving may be nil or relatively unimportant and, even if significant, may be outweighed by other factors.

The Federal Gift Tax

Under the Internal Revenue Code, the term "gift" is broadly construed. It includes every transfer of money or property from one person to another, made without adequate consideration in money or money's worth. Accordingly, the tax applies to all gratuitous transfers of property, whether real or personal, tangible or intangible. The gift tax is not a property tax but is, like the estate tax, an excise tax imposed on the donor's transfer of property during his lifetime.

Certain gifts are exempt, such as those made to the United States, states and local governments, or to religious, charitable, or educational institutions. In addition, the donor may make gifts for $3,000 or less each year, free of tax liability, to as many individual donees as he chooses. This is the annual exclusion. Furthermore, the donor has a lifetime specific exemption of $30,000 which, when exhausted, is gone forever.

The technicalities involving the tax implications of such gifts are numerous and sometimes quite complicated. This is particularly the case where jointly owned property is concerned, and which is now the subject of comment. The taking of title in joint names with survivorship rights, to real estate, bank accounts, securities or other property, may involve gift tax liability. Probably this fact is not generally recognized, particularly where the interests created are between spouses.

(A) Gifts Involving Real Estate

Whenever A purchases realty with his own funds, and has the title conveyed to himself and B as co-owners with survivorship rights, generally there is a gift to B of one-half the value of the property. Where spouses are concerned, however, the rule is different. If the transfer creating the joint interest was made prior to Jan. 1, 1955, and if the law of the situs of the realty prevented severance by either spouse acting alone, then a gift was made as valued actuarially according to the life expectancy tables. This assumes, of course, that one of the spouses furnished all the funds, or that the funds were not furnished by the spouses proportionately. In other words, prior to the change effected by the 1954 Code, a taxable gift would have been made by the spouse who supplied the purchase funds.

Since Dec. 31, 1954, a different rule applies. Now, where spouses take title to real estate as co-owners, there is no transfer of property for gift tax purposes unless the purchasing spouse elects such treatment at the time. If such election is not made, and the property is later sold, there will be a taxable gift unless the proceeds are shared in proportion to the contribution by each spouse to the purchase price. In short, where real estate is concerned, the gift tax liability is in part determined by the time of the creation of the joint interests, and by the relationship of the parties concerned.

(B) Gifts Involving Joint Bank Accounts, U. S. Savings Bonds, and Other Securities

The rule is generally different for personality than for real estate, and is controlled by the nature of the joint interest as determined by state law. The general rule is that taking title to personal property in joint names with survivorship rights automatically results in a gift for tax purposes. There are, however, two important exceptions, namely, bank accounts and U. S. Savings Bonds. Assume that A creates a joint bank account for himself and B, but that A can recover all or any part of the account without the consent of B. In this case, there is no gift to B until B draws on the account for his exclusive use and benefit. There is then a gift to the extent of the withdrawal.

Where spouses are concerned, the rule may be otherwise. If the state law permits one spouse, acting independently, to sever the cotenancy, a gift has been created presently of one-half the value of the property. But if under the law there are no separate rights of severance in either spouse, a different rule applies. In this case, there is an immediate gift of property, the value of which is reduced by the value of any present and future interest in the property retained by the donor spouse. It should be remembered, of course, that we are concerned only with transfers of interests made without adequate consideration.

In the case of U. S. Savings Bonds which are registered in joint names, there is no gift until the non-contributing owner cashes in the bonds, and uses the proceeds for his exclusive benefit. The reason there is no gift until this event occurs is the same as for joint bank accounts: the contributing owner may cash in the bank account or the bonds. Thus in neither case is there any assurance that the non-contributing co-owner will ever receive any of the funds.

In general, however, when a contributing owner takes title to securities in his name and that of another (whether spouse or not), who does not contribute to the purchase price, a gift is made, and gift tax liability may be involved. The rules for valuing different kinds of property are set forth in the Treasury Regulations, and in many cases the computations are somewhat involved. In any event, it is important for the party creating the joint interest to recognize that such transfer of property may result in gift tax liability.

The Federal Estate Tax

Apparently, many people still have the impression that joint ownership of property avoids the Federal estate tax. However, this belief is entirely erroneous. It is presently the law, and has been since the original estate tax provision was included in the Revenue Act of 1916, that the value of jointly owned property must be included in the estate of the joint tenant first to die, except to the extent that part (or all) of the property belonged to another joint tenant. The executor who claims that such property should be excluded from the deceased's estate has the burden of proving his contention. In other words, the value of the joint property is fully taxable to the extent that the deceased co-owner contributed to the purchase of such property, or acquired it by gift, devise, or inheritance.

It should be remembered that the Federal estate tax is an excise tax that applies to the transfer of any property interest of the decedent passing at his death. For instance, if the husband buys a home, and has title to it placed in joint names with his wife, the full value of the property will be taxable in his estate should he die first. On the other hand, should the wife die first, presumptively the full value of the property would fall into her estate. It would then be the responsibility of her executor to prove that she furnished no part of the purchase price. Whether all of jointly owned property, or part or none of it, will be included in the estate of the joint tenant first to die depends on the facts in any given case. The statute enumerates the various exceptions, and it is the duty of the executor to prove that such facts bring the property within the scope of the specific exception. Stated in other words, the surviving co-owner must be able to show that he or she contributed to the purchase price of the property in question. This may be difficult where the contributions were made in small amounts, or over a period of years.

As an illustration of certain of the above observations, the following may be of interest. In this situation, the facts of which are familiar to the writer, the husband-spouse died a resident of Pennsylvania. An inventory of his estate, for Federal estate tax purposes, included some $75,000 of U. S. Treasury bonds held jointly with his surviving wife. Presumptively, this amount would be included in his estate, and had to be reported in Schedule E of Form 706 (Federal Estate Tax Return). The actual facts were that the deceased spouse had contributed nothing to the purchase of these bonds. The total purchase price was provided by the surviving widow, and represented the proceeds from the sale of certain farm lands actually owned by her in Illinois. The sale had occurred several years previously, but the executor was able to prove, after considerable work and expense, however, that these bonds should be excluded from the estate of the decedent husband.

Fortunately, the facts were apparently sufficiently strong that the issue did not pass into litigation. But the result could have been otherwise, and the entire matter could have been avoided had the surviving widow been properly informed of the possible consequences at the time she acquired the bonds.

The above few paragraphs pertaining to the relationship of the Federal estate tax and jointly owned property merely indicate the general nature of the problem. A more complete treatment is beyond the scope of this paper.

The Marital Deduction

As is generally known, the Internal Revenue Code of 1948 provided for a "marital deduction" for Federal estate tax purposes with respect to property passing to the surviving spouse. The amount of such deduction cannot exceed one-half the adjusted gross estate of the decedent spouse, and to qualify for the deduction certain requirements must be met. If all requirements are met, roughly one-half of the decedent's spouse's estate can pass to the surviving spouse free of the estate tax.

It is clear that property jointly owned by spouses qualifies for the marital deduction. But this does not mean that jointly owned property is in a preferred position with respect to the marital deduction. In fact, jointly owned property may result in an increase in total tax liability. To qualify for the marital deduction, the surviving spouse must receive an interest that will be taxable in his or her estate. Assume that the widow survives, and that the adjusted gross estate of her deceased husband is $500,000, that all property is jointly owned, and that the widow made no contribution to it. Of this amount, one-half, or $250,000, qualifies for the marital deduction. The estate of $500,000, less the estate tax on $250,000 (as reduced by any deductions and exemptions), passes by operation of law to the widow. If the widow survives her husband by 10 years, all of her estate then remaining will be subject to the applicable prevailing estate tax rates. If she survives him by less than 10 years, her estate will receive certain tax credits reflecting the number of years of survival, to offset the estate taxes paid on her husband's estate. If the surviving spouse dies within two years, the tax credit is 100% of the estate tax imposed on the estate of the deceased 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 by will to his widow, this amount qualifying for the maximum marital deduction. The other $250,000, less the estate taxes, deductions and exemptions, he could have willed in trust with the income to the widow for life, with the remainders over. Thus the estate taxes on his estate would be levied on the portion passing under the trust; the state taxes on his widow's estate would be on the property which she owned at the time of her death. The result would normally be that the total estate taxes would be considerably smaller than when all property, or substantially all property, is jointly owned by spouses. In any event, it seems that the joint ownership of property by spouses, with respect to the marital deduction, does nothing to decrease the total liability for estates taxes. Actually, the reverse is the more probable result.

Capital Gains and Losses

Prior to the enactment of the Internal Revenue Code of 1954, there were serious income tax implications with respect to jointly owned property. Briefly stated, if the joint owner died on or before Dec. 31, 1953, the basis of property to the surviving co-owner was its original cost. During periods of generally rising property values the effect of this provision could be quite detrimental to the survivor. For instance, jointly owned 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 as of 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 certain 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 the survivors of jointly owned property, where the decedent died after Dec. 31, 1953. Pursuant to the revised provisions, the survivor of jointly owned property obtains a new basis, namely, the value of the property as of decedent's death, to the extent that such property was included in the gross estate of the decedent. 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 decedent's gross estate, the new basis to the survivor is the appraised value. To the extent that any 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 taxpayer in many instances, would not in itself be an important argument for acquiring title to property 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 generally prevent severance of his interest by one spouse without the consent of the other. Even where the joint interests are severed, and title is taken in separate names, gift tax considerations may then be a factor. Where property is owned jointly, it is only the survivor that has any control over the ultimate disposition of the property.

In summary, it appears that the advantages of owning property in joint names are greatly overrated. 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 survivorship, became to a large extent customary. But times have changed, and certainly placing title in joint names should no longer be done automatically, without thought or regard for the possible consequences. Taking title to property jointly may result 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 now exist, will become less important, while the disadvantages of owning property jointly will steadily become more serious.

With Staats & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—William H. Magruder is now affiliated with William R. Staats & Co., 111 Sutter Street. He was previously with J. Barth & Co.

Three With First Sierra

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Hilburn M. Chesterman, Henrik G. Wollter and George E. Wurzburg have joined the staff of the First Sierra Corporation, 98 Post Street.

Foreign Trade Program's Relation To Private Foreign Investment

By ANDREW N. OVERBY*

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

Opponents of President's trade program are told they are pursuing "retrogressive nationalism" neither justified by "our experience or by our national interest." They are also advised that "in the last analysis foreign investment is foreign trade." Mr. Overby warns that any action on our part to lessen foreign efforts to sell on a competitive basis to us jeopardize our investment pattern, domestic employment and, in turn, might well signal a revival of economic nationalism abroad. The investment banker warns, further, that such a trend undoubtedly would compel more foreign aid to bolster free world economies against aggressive expansion of Communist imperialism.

As an investment banker and as a citizen deeply interested in the continued dynamic growth and strength of our own free economy and in the economies of the free world, I am very pleased to support the President's program for expanding world trade and investment on a mutually beneficial basis. For I am firmly convinced that a program of expanding and flourishing world trade and investment is the best program for continued dynamic growth and strength for the free world, with ever-widening job opportunities and higher standards of living under economic freedom. I am equally firmly convinced that a program of more restricted trade and investment—which would be the effect of the policies advocated by opponents of the President's program — with increased tariffs and quotas and other barriers to the free flow of world trade and private investment—would be a program of retrogressive nationalism. It would not be justified either by our experience or by our best national interest. Such a restrictive and inward-looking program would lead to more subsidized production rather than less. It would lead to more, rather than less, burden on the consumer and on the taxpayer in higher prices and greater foreign aid. It would lead us away from the higher standards of living we all seek. And it would reduce our own economic strength and freedom, to say nothing of its harmful and divisive effects internationally.

Andrew N. Overby

Aids International Investment

My remarks in support of a liberal trade policy and expanded private foreign investment will be concerned particularly with the Foreign Trade Program and its relation to foreign investment. Foreign trade and foreign investment are, of course, essentially inseparable. We cannot have flourishing international investment without healthy and expanding trade which enables the capital-importing countries to grow and develop and to pay interest and dividends and the return of capital on the investments obtained from abroad.

Before considering more particularly the relation of foreign investment to foreign trade, however, and before elaborating the reasons for supporting expanded international investment and trade, let me indicate briefly the growth and present scope of U. S. foreign investments and suggest some of the advantages private foreign investment brings to our friends abroad as well as to us.

In 1914, U. S. foreign investment totaled about $3.5 billion. By 1929 this had increased to over $15 billion. At present it is about $54 billion, of which over $36 billion represents private investment. In the years 1956 and 1957, U. S. net private investment abroad reached the unprecedented record of $3 billion in each year.

But these statistics do not tell the story for at least two reasons. First, about two-thirds of the figure of $36 billion for private investments represents the book value of the private direct investments abroad, many of which were made years ago at lower prices. The replacement or market values of private investments abroad would be substantially higher than $36 billion—possibly $50 billion or more. Moreover, if we include the capital expenditures financed out of depreciation and development reserves of our foreign companies, the gross investment by Americans abroad during the years 1956 and 1957 was probably at a rate of over $5 billion in each year.

Supports Flow of Ideas

But even these very large figures do not convey the real value of U. S. private foreign investment to our friends abroad. Their greatest value probably lies in their contribution to the flow of ideas and enterprise and managerial and technical skills. For the flow of capital abroad means the flow of ideas abroad. It brings with it the dynamic zeal and creativeness of American productive enterprise. It is a catalyst which ferments and stimulates greater initiative, better methods and higher production and trade—more jobs and higher living standards abroad. (And let it be said forthwith this helps the U. S. in many ways—including more demand for our goods and more jobs in America. The best customers for American goods are Canada, Great Britain and other developed economies with relatively high standards of living even though they may also be our industrial competitors in some goods.)

U. S. private foreign investments bring many other advantages to our friends abroad. A revealing study has been made by the U. S. Department of Commerce of the operations of U. S. companies representing 90% of our business investments of over $7 billion in Latin America. This study has shown, among other things, that:

(1) These companies produced about $5 billion of goods and services in Latin America in 1955—about $3 billion of goods and services for use in Latin America, and about $2 billion of dollar exports from Latin America.

(2) These companies produced direct foreign exchange income to Latin America of over $2 billion —$1 billion more than the total exchange required by these companies for their operations and remittances.

(3) These companies paid in 1955 in Latin America over $4 billion for wages, salaries, taxes, and local goods and services—over $1 billion for taxes alone.

(4) These companies employed over 600,000 persons (of which only about 9,000 were sent from the United States).

This is a brief picture of the role of private foreign investment in developing economies abroad, creating jobs, producing goods and wages and tax revenues, and producing foreign exchange for increased purchases of goods from the United States.

With this brief indication of the magnitude of our foreign investments and of the contribution which these investments can make to the development and strength of our friends abroad, some mention should be made of the relation of foreign investment to foreign trade. They are, as I have said, essentially inseparable.

Investment Prerequisites

What does the American investor look for when he makes a foreign investment? The foreign investor is like any other businessman. His primary concern must be with the security of his investment, with its profitability and with his right and ability to receive readily in dollars a satisfactory income and the return of his capital. To obtain American capital, foreign investment opportunities must be attractive to American investors compared with the large volume of investment opportunities available in the United States.

In going abroad the American investor assesses the political and social stability of the country concerned, its resources, and its record in international dealings. He will particularly look at the trade and financial prospect of the country to assess its capacity to earn foreign exchange with which it can provide dollars to make payments on its international indebtedness or remit dividends and capital return on equity investments. He will want to see an economy which is expanding its production and international trade and increasingly showing capacity to make foreign payments. He will look askance at countries with a consistent record of extensive restrictions on trade and international payments and countries with a bad record of exchange controls, discrimination against foreign investments, or other behavior or impediments unfavorable to foreign investments and to the reasonably free flow of trade and capital.

The American investor before going abroad will look closely at a country's internal and external economic and financial position. Of key importance will be the outlook for its foreign trade. If he can see that the export industries of the country produce efficiently and are able to sell their product on a competitive basis; if he finds that the economy is not being artificially protected from outside competition by governmental controls and restrictions; if he notes the presence of political and financial leaders who understand and support the need for realistic monetary and fiscal policies, then he is likely to feel that he is dealing with a country in which the foreign trade outlook is basically sound and in which foreign investment mght reasonably be made.

In judging the foreign trade potentialities of the foreign country, however, the American investor will also be concerned as to the access which the country has for its exports to other markets on a commercial basis. He will be concerned as to whether the products can be sold in the United States or in other markets which could ultimately produce the dollars required to service his investment. If he is fearful that for protective or other reasons the products of the country may be denied access to the United States market or other markets which could produce the needed exchange, he will be much more reluctant to make the investment.

Foreign Investment Is Foreign Trade

There is some tendency to think of foreign investment in financial terms. But in the last analysis foreign investment is foreign trade. Foreign investment is frequently translated immediately into demand for U. S. goods and services and thus contributes directly to the prosperity of the American economy. The remarkable rise in capital outflows from the United States in 1956 and 1957 was a major source of financing for our record exports in those years. Foreign investment to a great extent takes the form of the export of capital goods from the United States—oil drilling equipment, road construction machinery, electric generators, steel pipe, trucks, and other machinery or machine tools. Moreover, foreign investment produces a need and desire to conduct further trade with the United States, not only for additional machinery and replacement parts but for a whole range of commodities whose demand results from the initial investment.

It is thus not surprising to find that the pattern of U. S. trade is closely parallel to the pattern of U. S. investment. We trade most with those countries where we have invested the most. And we invest most where we trade most. About 85% of our private investments abroad are in Canada, Latin America and Europe where we have our most active trade relationships.

Any U. S. action which tends to limit or restrict the ability of countries abroad to earn U. S. dollars or other convertible currencies makes poorer the environment for flourishing private investment. The private foreign investor has a direct and immediate interest in U. S. governmental policy designed, on the one hand, to expand U. S. foreign trade abroad and, on the other hand, to make it possible for foreign countries to sell in the United States on a competitive basis.

Foreign investment, with all of the values it has for the U. S. economy and for our friends abroad, will be encouraged if we continue the President's program for expanding world trade. Great progress has been made since the war in freeing international trade and payments from restrictions and in encouraging a healthy growth in international investment in more production and more jobs for the benefit of all of us. As many of us know from personal experience, however, it has not been easy to convince other countries of the desirability of reducing barriers to trade and payments. Much of the American strength in promoting this policy has come from our own record of progress in trade policy. But many of our friends abroad remain dubious about the long-run trend of our commercial policy. They have constantly been alert for signs of a revival of strong protectionism in this country. In prior years they may have seen ghosts of protectionism where in reality they did not exist. But today they are genuinely alarmed—and perhaps with reason.

Must Continue Our Trade Policy

The U. S. record on trade policy is a relatively good one—with a history of progress in the right direction. We should keep it so. Because our record has been a relatively good one, we have had the moral basis for urging other countries to make further progress toward economic freedom by reducing their trade controls and exchange restrictions. Real progress has been made. But special groups and believers in governmental controls exert strong pressures for protectionism and for a retreat to restrictionism in all countries. If the United States were to retreat on its Reciprocal Trade Agreements Program, it might well be the signal for a revival of economic nationalism which would lead to lower levels of world trade and production and seriously impair American foreign trade and foreign investment. This would undoubtedly lead to even greater demands for foreign aid to bolster faltering economies in the free world struggle against the aggressive expansionism of Communist imperialism. Until we have succeeded in achieving a world trade and financial system with a minimum degree of governmental interference we shall not enjoy that full measure of progress in economic growth and strength of which we and the free world are capable.

Looking at the trade question from the viewpoint of our broad national interest, two main points seem to me quite clear. First, American exports create far more jobs than are assured by erecting tariff barriers. Second, trade is necessarily a two-way street. We can only maintain our exports and expand our exports if other countries are given a fair chance to sell in the American market.

We need expanding international trade and investment to make more and better jobs for the rapidly expanding population in the United States and abroad. We and the world will achieve the most efficient allocation and use of our resources through international specialization and production based on mutual advantage. This will only be done if we have a minimum of hampering governmental interference in the form of tariffs and other restrictions to an expanded flow of international trade and capital. Tariffs and trade restrictions and exchange controls can only impede the forces which make for increased production, more jobs and higher incomes. A liberal trade and private investment policy is a policy of strength and cohesion among the free nations. A protectionist and restrictive policy is a policy of economic weakness and division among the free nations. If we don't practice the principles of freedom which we preach, the result could well be much greater economic autarchy and weakness, and political bickering and division among the nations of the free world. Only the Russian leaders could welcome such a development.

As the President said in his Foreign Economic Policy Massage to the Congress in March, 1954, in advocating a program of expanding trade and investment and greater convertibility of currencies:

"If we fail in our trade policy, we may fail in all. Our domestic employment, our standard of living, our security, and the solidarity of the free world — all are involved."

*An address by Mr. Overby before National Conference of Organizations on International Trade Policy, Washington, D. C., March 27, 1958.

Joins Edward D. Jones

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Emil H. Nebel has joined the staff of Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges.

With Curtiss, House

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Russell H. Smith is now with Curtiss, House & Co., Union Commerce Building, members of the New York and Midwest Stock Exchanges.

Joins Donald Sloan

(Special to The Financial Chronicle)

PORTLAND, Ore. — Leonard Rotolo has joined the staff of Donald C. Sloan & Company, Cascade Building. He was formerly with the Salem office of Chas. A. Goodwin & Co.

Securities Salesman's Corner

By JOHN DUTTON

Some of the Myths Men Believe and Live By

Public opinion is often molded by those who command the press, the radio, the public forums, and television. Commentators who have sprung up during the past two decades in ever increasing numbers have collected millions of followers who unashamedly and eagerly follow their opinions on almost any and all subjects dealing with economics, and politics in particular. We have become a nation of premolded followers who no longer think for ourselves, ask for facts, nor make our own decisions. Never before in our history have the avenues of communication become so easily usurped by all sorts of self-styled experts, some with an ax to grind, and others who are only steeped in their superficiality and are enamored by their own glibness and verbosity. It is an age of conformity, gossip, emotionalism, and jumping nerves.

The great literary models of this age are the columnists who deal with personal and private misdemeanors on the part of national figures in politics, the theatre, sports, and other limelight activities. They command large incomes from syndicated articles, they speak on TV and the radio, they become authorities on weighty matters far beyond their ken, and even vie for honorary degrees with politicians who have no more claim to such an honor than they; and the public swallows it all whole. Never before has this nation accepted so many unsound, and immoral dogmas as we do today, and the end is not in sight.

What Has This to Do With the Investment Business?

If you are to be successful in steering your clients through this overwhelming maze of rumor, fancy, and half truth that is daily poured into the trough of public communication by these opinion makers, you must be constantly alert not only to the facts *but the fancy* that is daily motivating people to buy, to sell, to save, to invest, and to take risks.

What Is Real—What Is Believed To Be the Truth—That Is the Question

This subject could be developed into a book. But we don't have to look far to see what happens when a nation such as ours makes up its collective mind on any subject because a few columnists and politicians have access to the avenues of communication. Take the case of the sudden turn around in Federal Reserve policy last fall. For years we have watched the public eagerly overextend itself with debt; encouraged to do so on every hand by the government, super salesmen in advertising agencies, and small loan companies. We have witnessed year after year of waste and extravagance in Federal and state government. Most of the Hoover Commission reports lie rusting and forgotten. Tax rates piled upon corporations have been so detrimental to their expansion and growth that this same government passed laws providing for accelerated depreciation, which is a fancy name for temporary tax exemption so that these same corporations could not only expand but overexpand their capacity. All this while market experts, government economists, politicians and people who write letters on the stock market have been telling the American people the economy is sound; this is real prosperity; and wait until you see what we will accomplish in 1965, and 1975, if we survive.

If you would gather up all the material written to bolster an unsound period of overexpansion and prosperity, based upon an armament boom such as the world has never seen before, that has been poured out through the press, radio, TV and by government publicity staffs, you would have a stack of paper upon which our future space cadets could walk to the moon. They would not have to shoot at it with rockets.

And then what happened last fall. The vocal and exuberant exponents of all this self-styled sound prosperity almost to a man came up with a single phrase, "Tight money." That was the evil! All of a sudden out of a clear sky we find that people couldn't buy homes, they couldn't build them, they couldn't obtain credit for more and more of the same sort of wild, extravagant buying, building, and doing, that had been going on for all this while. The banks were gouging the people, the Republicans were once again out to help the rich and soak the poor, and what do you think happened? People believed this. The columnists and the syndicate boys had once again put it over. Within a few weeks the thinking on the Potomac and elsewhere changed. And so we are right back in the New Deal days of cheaper and cheaper money, soaring bond markets, deficits and more spending by the government that will have to be borne by our children and by ourselves in higher and higher taxes 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 in the economy but to what the molders of public opinion are doing and saying every day. Any one who bought bonds last fall when they heard the cry of the bushwhackers of the press, the radio, and the leftists of both political parties cry out "Tight money," made the right investment move. If you are in the securities business don't write off these present-day "oracles."

Kidder, Peabody & Co. Appoints Three in New York City

Kidder, Peabody & Co., 17 Wall Street, New York City, members of the New York Stock Exchange, have appointed Joseph Vostal, Manager of the firm's municipal bond department and Francis P. Gallagher, Municipal Bond Consultant.

John A. Hoff has been appointed General Sales Manager in New York.

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 staging 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, Mackinac, 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 indirect, government obligations. Issues of such companies as Stanrock, Northspan, Stanleigh, Pronto and Algom 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 freguently develops in this short "incubation" period, over the counter, than in whole months of "listed" trading later on. Olin Mathieson 5½s, Douglas Aircraft 4s, Burroughs 4½s, Southern Natural Gas 4½s, Con Edison 4½s 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 all are 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 publicly held, has its capital stock bought and sold solely over the counter. (There are a few listed bank holding companies.)

While about 2/3rds 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 fabulous growth of the life insurance industry (with total assets now of more than $100 billion) and the spectacular market gains scored by the shares of dozens of companies, has attracted thousands of new investors to this field 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 Strategic Minerals, Rare Metals 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 market offers some fine ones to choose from—California Water Service, Citizens Utilities, Jamaica Water, Indianapolis Water, New York Water Service, Northeast Water, Southern California Water Co. Much investor interest has been aroused by the recent Memphis Natural Gas decision. A number of the companies most affected are traded over the counter; Tennessee 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 G. D. Searle; the largest merchandiser of cosmetics, Avon Products; a 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, McLouth and Florida; the leading arbiter of credits and collections, Dun & Bradstreet; the largest maker of pre-fab houses, National Homes; the biggest brewers, Pabst and Anheuser-Busch; helicopter makers Doman, 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 tabulation of names, a mere citation of the breadth of this vital market is not half so convincing as the list which follows of 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!

Difference Between Listed and Over-the-Counter Trading

Following the tables appearing hereunder, we present a discourse on the difference between the listed and Over-the-Counter Market, for the benefit of those who are not conversant with how the Over-the-Counter Market functions.

TABLE I
OVER-THE-COUNTER
Consecutive Cash
DIVIDEND PAYERS
for
10 to 174 YEARS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Abercrombie & Fitch — Retail sporting goods	20	1.75	26	6.7
Abrasive & Metal Products — Abrasives	19	0.25	4	6.3
Acme Electric Corp. — Transformers, radio, TV	12	0.25	8	3.1
Acushnet Process Co. — Molded rubber products and Golf balls	21	†0.95	25	3.8
Aeolian American Corp. — Formed in May 1957 as a result of merger of American Piano Corp. into Aeolian Co.	a18	i 0.16	6	--
Aetna Casualty & Surety Co. (Hartford) — Casualty, surety, fire and marine insurance	50	2.70	126	2.1
Aetna Insurance (Hartford) — Diversified insurance	85	2.60	48	5.4

† Adjusted for stock dividends, splits, etc.
a Including predecessors.
i Initial dividend of 16c paid on Dec. 27, 1957.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Aetna Life Insurance Co. (Hartford) — Life, group, accident, health	24	3.40	186	1.8
Agricultural Insurance Co. — Diversified insurance	94	1.60	23¼	6.9
AIRCRAFT RADIO CORP. — Communication and navigation equipment and accessories	24	0.90	21¼	4.2
● See Company's advertisement on page 45.				
Akron, Canton & Youngstown Railroad Co. — Ohio carrier	12	1.50	20	7.5
Alabama Dry Dock & Ship Building Co. — Shipbuilding and repair	24	5.00	88	5.7
Alamo National Bank (San Antonio)	22	2.00	62	3.2
Alba Hosiery Mills, Inc. — Silk and nylon hosiery	18	0.40	5	8.0
Albany & Vermont RR. Co. — Local carrier	31	2.25	45	5.6
Alexander Hamilton Institute Inc. — Modern business course and service	11	1.00	15	6.7
Allentown Portland Cement Co., Class A — Portland cement	12	1.28	16½	7.8
Allied Finance Co. — Installment financing	*16	1.00	26½	3.8
Allis (Louis) Co. — Generators and electric motors	*21	2.00	30	6.7
Aloe (A. S.) Co. — Medical supplies	23	†0.99	35	2.8
Alpha Beta Food Markets, Inc. — California super markets	12	1.125	15¼	7.4
American Aggregates Corp. — Gravel and sand	17	†0.98	20	4.9
American Air Filter Co. — Filters and miscellaneous heating and ventilating equipment	24	1.80	47	3.8
American Box Board Co. — Manufacturer paperboard, folding paper boxes, corrugated and fibre shipping containers	17	†1.38	27¼	5.1
American Cement Corp. — Formed via merger, effective Dec. 31, 1957, of Hercules Cement Corp.; Peerless Cement Corp., and Riverside Cement Co.				

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
American Commercial Barge Line — Formed August 1, 1957 as result of merger of American Barge Line Co. with Commercial Transport Corp.	a17	e0.50	17½	2.9
American District Telegraph Co. — Electric protection services.	55	1.75	50	3.5
American Dredging Co. — Dredging operations	*15	4.00	61	6.6
American Druggists Fire Insurance Co. — Fire insurance	*33	3.00	70	4.3
Amer. Equitable Assurance Co. of New York — Fire and allied lines of insurance	24	1.90	26½	7.2
American Express Co. — Money orders; travelers' cheques; travel; foreign shipping	88	1.85	37¾	4.9
American Felt Co. — Manufacturer of felt	19	1.00	10½	9.5
American Fidelity & Casualty — Diversified insurance	20	ss0.90	13¾	6.5
American Fletcher National Bank & Trust Co., Indianapolis	46	1.60	34	4.7
American Forging & Socket — Manufactures automotive hardware	15	0.50	7	7.1
American Furniture — Large furniture manufacturer	18	0.20	3	6.7
American General Insur. Co. — Fire and casualty insurance	29	0.60	33	1.8
American Hair & Felt — Miscellaneous hair & felt products	16	1.40	14¾	9.5
American Hoist & Derrick — Hoists, cranes, cargo equipment	18	1.20	17	7.1
American Hospital Supply — Large variety of hospital supplies	11	1.45	37½	3.9
American Insulator Corp. — Custom moulders of plastic materials	17	0.80	12¾	6.3
American Insur. (Newark) — Diversified insurance	85	1.30	20¼	6.4
American Locker, Class B — Maintains lockers in public terminals	15	0.30	3¼	9.2

* Details not complete as to possible longer record.
e Estimated annual rate.
ss Yield based on three payments of 30 cents each on Jan. 10, April 10 and July 10, 1957.
a Including predecessors.

Continued on page 36

Continued from page 35

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
American Maize Products Manufactures various corn products	33	†1.90	43	4.4
American-Marietta Co. Paints, chemicals, resins, metal powders, household products, cement and building materials	18	†0.85	27⅞	3.0
American Motorists Insurance Company Diversified insurance	*28	0.24	10	2.4
American National Bank of Denver	23	15.00	250	6.0
Amer. Natl. Bank & Trust Co. (Chattanooga)	41	2.00	80	2.5
Amer. Natl. Bk. Tr. (Chic.)	23	†5.51	350	1.6
American National Fire Insurance Co. Diversified insurance	10	0.80	15	5.3
American Pipe & Construc'n Boilers, tanks, pipelines	19	†1.05	24	4.4
American Pulley Power transmission and other equipment	18	1.625	18	9.0
American Re-Insurance Diversified insurance	36	1.30	26	5.0
American Screw Co. Manufactuer of cold forged threaded fasteners	59	3.40	42	8.1
American Spring of Holly, Inc. Springs and wire forms	11	0.60	7¼	8.3
American Stamping Co. Pressed steel parts and stamping	21	1.00	12	8.3
American Steamship Co. Freighters on Great Lakes	27	20.00	435	4.6
American Surety Co. Diversified insurance	24	0.90	13½	6.7
American Thermos Products Co. Vacuum ware manufacturer	24	1.70	19⅝	8.7

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
American Trust Co. (San Francisco)	22	1.60	32⅝	4.9
American Vitrified Products Sewer pipe, bricks, tile	11	1.20	26	4.6
Amicable Life Insurance Co. Life insurance	22	1.25	48	2.6
Ampco Metal, Inc. Copper-base (bronze) alloys and products	16	0.50	6¾	7.4
Anchor Casualty Co. (St. Paul) Fire and Casualty Insurance	25	1.00	24½	4.1
Anchor Steel & Conveyor Co. Mechanical conveyor systems	10	0.10	1¾	5.7
Anheuser Busch Inc. Beer and other products	25	1.20	16½	7.3
Animal Trap Co. of America Large variety of traps	21	0.80	12	6.7
Ansul Chemical Co. Chemical and mechanical mfg.	33	1.20	26½	4.5
Apco Mossberg Co. Tools and wrenches	15	0.20	4	5.0
Apex Smelting Co. Aluminum smelting	26	2.00	31	6.5
Arden Farms West Coast dairy	14	1.00	12⅝	7.9
Arizona Public Service Electric and gas utility	38	1.12	28	4.0
Arkansas-Missouri Power Co. Electric and gas utility	*21	†0.91	16¼	5.6
Arkansas Western Gas Natural gas public utility, production and transmission	19	†0.875	16¾	5.2
Arrow-Hart & Hegeman Electric Co. Electric wiring devices and controls	29	†2.80	40½	6.9
Arrow Liqueurs Corp. Cordials and liqueurs	*13	0.30	6	5.0
Art Metal Construction Co. Office furniture	22	2.00	25½	7.8
Associated Spring Corp. Precision springs	24	†1.47	24½	6.0
Atlanta Gas Light Operating public utility	*21	1.60	27½	5.8
Atlanta & West Point RR. Co. Georgia carrier	18	3.00	65	4.6

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Atlantic City Sewerage Co. Sewer service	34	1.00	20	5.0
Atlantic Company Ice, coal, cold storage and E-Z Curb Service Stores	13	0.50	7½	6.7
Atlantic National Bank of Jacksonville	54	1.20	43	2.5
Atlantic Steel Steel producing and distributing	37	0.50	10	5.0
Auto Finance Co. Investments, automobile financing and insurance	22	q1.00	24½	4.1
Automobile Banking Corp. Auto financing & personal loans	37	0.625	9	6.9
Avondale Mills Cotton fabrics and yarns	54	1.20	16¼	7.4
Avon Products Cosmetics and toiletries	39	†1.20	34½	3.5
Ayres (L. S.) & Co. Operates Indianapolis dept. store	23	†1.18	21½	5.5
B/G Foods, Inc. Restaurant chain	14	0.90	10½	8.6
B. M. I. Corp. Detroit real estate	22	1.10	15	7.3
Badger Paint & Hardware Stores, Inc. Paints, enamels and hardware	27	2.50	45	5.6
Badger Paper Mills Sulphite pulp and paper	24	4.00	83	4.8
Bagley Building Corp. Detroit real estate	21	0.40	12	3.3
BancOhio Corp. Holding company—banks	28	1.70	42½	4.0
Bangor Hydro-Electric Operating public utility	33	1.90	31¾	6.0
Bank of Amer. NT&SA Nation's largest bank	26	1.80	32⅛	5.6
Bank Building & Equipment Corp. of America Building design and construction	19	1.20	17¾	6.8
Bank of California, N. A.	79	†1.275	30¼	4.2
BANK OF THE COMMONWEALTH (DETROIT, MICH.) ● See Bank's advertisement on page 57.	21	†4.92	130	3.8
Bank (The) of New York	173	14.00	289	4.8
Bank of the Southwest National Association, Houston	50	1.60	50	3.2
Bankers Bond & Mortgage Guaranty Co. of America Mortgage financing	12	0.30	6¾	4.4
Bankers Commercial Corp. Installment financing	20	2.50	31	8.1
Bankers & Shippers Insur. Multiple line insurance	33	2.40	48½	4.9
Bankers Trust Co., N. Y.	54	2.90	61⅛	4.7
Bareco Investment Co. **Formerly Bareco Oil Co. Name changed May, 1957.** Microcrystalline wax	16	0.50	6⅛	8.2
Barnett National Bank (Jacksonville)	49	1.88	68	2.7
Bassett Furniture Industries Inc. Complete line of domestic furniture	*22	1.375	18½	7.4
Bates Manufacturing Co. Cotton and rayon fabrics	12	0.15	5⅛	2.9
Bausch Machine Tool Co. Drills and boring mills	16	1.25	17	7.4
Baxter Laboratories, Inc. Manufacturers of pharmaceuticals	25	0.67	20¾	3.2
Baystate Corp. Bank holding corporation	30	1.10	18½	5.9
Beauty Counselors, Inc. Wholesaler: Cosmetic and toilet preparations	23	1.45	23½	6.2
Belknap Hardware & Mfg. Hardware & furniture wholesaler	30	0.85	11¾	7.2
Bell & Gossett Co. Pumps, tanks and valves	11	0.50	9½	5.3
Belmont Iron Works Designer, fabricator and erector, structural steel	22	3.00	38½	7.8
Belt RR. & Stock Yards Co. Operates livestock terminal mkt.	68	2.00	33½	6.0
Bemis Bro. Bag Co. Manufacturer of paper, textile and plastic bags	37	†2.00	26½	7.5
Beneficial Corp. Holding company affiliate of Beneficial Finance Company	30	0.50	9½	5.3
Benjamin Franklin Hotel Co. Philadelphia hotel	11	12.00	275	4.4
Berks County Trust Co. (Reading, Pa.)	22	†1.04	23	4.5
Berkshire Gas Co. Operating gas public utility	36	0.95	15¾	6.0
Berkshire Hathaway, Inc. Fine cottons	25	0.25	6¼	4.0
Bessemer Limestone & Cement Co. "Portland" cement	16	†2.27	55	4.1
Bibb Mfg. Co. Textile manufacturer Cotton goods; sheeting, etc.	71	2.00	30¾	6.5
Biddeford & Saco Water Co. Operating public utility	37	5.00	100	5.0
Bird Machine Co. Machinery for paper mills	22	1.25	22	5.7
Bird & Son Asphalt shingles	33	1.25	15¾	7.9
Birmingham Trust National Bank (Birmingham, Ala.)	13	0.80	37½	2.1
Black-Clawson Company Makes paper and pulp mill equipment	26	1.00	17	5.9

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
q Plus one share of Piedmont Natural Gas Co. for each 100 shares held.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
BLACK HILLS POWER & LIGHT — Operating public utility • See Company's advertisement on page 49.	18	1.42	22¼	6.4
Black, Sivalls & Bryson — Pressure vessels, valves, and tanks	a29	1.40	19¼	7.3
Bloch Brothers Tobacco Co. — "Mail Pouch" chewing tobacco	47	1.35	17½	7.7
Blue Bell, Inc. — Manufacturer of work and play clothes	34	0.80	16	5.0
Boatmen's Natl. Bk. St. Louis	86	**2.625	63	4.2
Bobbs-Merrill Co. Inc. — Book publisher	18	0.50	15½	3.2
Bornot, Inc. — Chain of dry cleaning Establishments	29	0.25	10½	2.4
Boston Herald Traveler Corp. — Newspaper publisher	24	†0.48	17¾	2.7
Boston Insurance Co. — Fire and casualty insurance	83	1.80	28½	6.3
Bound Brook Water Co. — Operating public utility	33	0.30	5¾	5.2
Bourbon Stock Yards Co. — Louisville stockyards	*33	4.00	62½	6.4
Boyertown Burial Casket — Miscellaneous funeral supplies	28	0.80	14½	5.5
Branch Banking & Trust Co. (Wilson, N. C.)	57	1.50	40	3.8
Bridgeport City Trust Co. — Name changed in August 1957 to City Trust Co.	58	†0.875	62¼	1.4
Bridgeport Hydraulic Co. — Supplies water to several Connecticut communities	68	1.70	29¼	5.8
Brinks, Incorporated — Armored car service	67	1.80	36	5.0
Bristol Brass — Metal fabricator	26	0.70	10	7.0
British-American Assurance Company — Insurance other than life	24	3.94	88	4.5
Brockton Taunton Gas Co. — Operating public utility	37	0.90	15¾	5.7
Brockway Glass Co. — Glass containers	31	0.75	23	3.3
Brockway Motor Co. — Name changed to Cortland Co.				
Brooklyn Garden Apartments, Inc. — Own and operate two Brooklyn garden apartments	23	6.00	103	5.8
Brown-Durrell Co. — "Gordon" hosiery and underwear	16	0.40	4¼	9.4
Brown & Sharpe Mfg. — Machine tools	*22	1.20	19½	6.2
Brunswig Drug Co. — Wholesale drugs	24	†0.90	15⅛	6.0
Bryant Chucking Grinder Co. — Manufacturers of internal grinding machinery	24	0.80	10¼	7.8
Bryn Mawr Trust Co.	13	1.75	49½	3.5
Buchanan Steel Products Corp. — Manufacturing steel forgings	11	0.20	3¼	6.2
Buck Creek Oil Co. — Crude oil producer	17	0.13	1¾	7.4
Buck Hills Falls Co. — Hotel in Poconos	*33	0.60	18	3.3
Buckeye Steel Castings Co. — Production of steel castings	20	3.50	24½	14.3
Bullock's Inc. — Department and specialty stores	26	†1.99	34¾	5.7
Burgermeister Brewing Corp. — Brewing of beer	18	1.10	17½	6.3
Burgess Battery Co. — Dry cell batteries and battery using devices	a24	1.60	25	6.4
Burgess-Manning Co. — Industrial acoustics, radiant ceiling, recording and controlling instruments	15	4.00	48½	8.2
Burnham Corp. — Greenhouses, radiators, etc.	11	1.20	25	4.8
Business Men's Assurance Co. of America — Life and disability insurance	24	0.50	62	0.8
Butler Manufacturing Co. — Metal products	20	2.00	40½	4.9
Butlers, Inc. — Southern shoe chain	18	0.60	9⅜	6.4
Calaveras Land & Timber Corp. — California timber lands	15	2.00	19¾	10.1
California Bank (L. A.)	37	2.00	40¾	4.9
California Oregon Power — Operating public utility	16	1.60	28½	5.6
California Pacific Title Insurance Co. — Title insurance	22	†2.10	38½	5.4
California-Pacific Utilities — Operating public utility	15	1.60	25	6.4
California Portland Cement — Cement and lime products	48	3.50	120	2.9
CALIFORNIA WATER SERVICE CO. — Public utility-water • See Company's advertisement on page 49.	27	2.30	41¾	5.5
California Water & Telephone Co. — Operating public utility	21	1.20	19⅛	6.3
California-Western States Life Insurance Co. — Life, accident & health insurance	20	1.50	80½	1.9
Camden Refrigerating & Terminals Co. — Cold storage, warehouse business	12	2.75	50	5.5
Campbell Taggart Associated Bakeries, Inc. — Bakery chain	*12	1.25	25	5.0
Cannon Shoe Co. — Retail shoe stores	25	0.45	6	7.5
Carolina Telephone and Telegraph Company — Operates telephone exchanges	58	8.00	154	5.2
CARPENTER PAPER CO. — Distributor of paper and paper products. Manufacturing of paper products	61	1.80	28½	6.3
Carter (William) Co. — Underwear	*26	9.00	161	5.6
Carthage Mills, Inc. — Floor coverings	18	2.00	20½	9.8
Cascades Plywood Corp. — Plywood	11	1.25	20¾	6.0
Caspers Tin Plate Company — Metal sheets for containers	19	0.175	5	3.5
Cavalier Apartments Corp. — Owning and operating apartment house (Washington, D. C.)	16	1.00	44	2.3
Central Bank & Trust Co. (Denver)	12	0.80	18	4.4
Central Coal & Coke Corp. — Leases mines on royalty basis	11	1.00	27	3.7
Central Cold Storage Co. — Refrigeration	24	2.50	30	8.3
Central Electric & Gas Co. — Electric & gas utility and through subsidiaries telephone service in several states	16	0.90	14⅜	6.3
Central Fibre Products Co., Voting — Paper and wall board	25	1.50	22¾	6.6
Central Illinois Elec. & Gas — Operating public utility	26	1.60	28	5.7
Central Indiana Gas Co. — Natural gas public utility	18	0.80	11¾	6.8
Central Louisiana Elec. Co. — Electric, gas and water utility	23	1.60	34½	4.6
Central Maine Power Co. — Electric utility	16	1.40	20⅞	6.7
Central National Bank of Cleveland	17	1.80	30¾	5.9
Central National Bank & Trust Co. (Des Moines)	21	6.00	160	3.8
Central-Penn National Bank (Philadelphia)	130	2.00	33¾	5.9
Central Soya Co. — Soybean processing and mixing of livestock feed	17	†1.57	29¾	5.3
Central Steel & Wire Co. — Metal processing and distribution	16	3.00	54½	5.5
Central Telephone Co. — Telephone service	13	1.00	19¾	5.1
Central Trust Co. (Cinn.)	22	2.70	57	4.7
Central Vermont Public Service Corp. — Electric and gas utility	15	1.00	13¾	7.3
Central Warehouse Corp., Class A — Operates warehouse in Albany	20	1.00	12	8.3
Central West Co. — Investment trust	23	0.30	5½	5.5
Chain Store Real Estate Trust — Retail store properties	21	6.00	80	7.5
Chambersburg Engineering — Forging hammers, hydraulic presses	21	2.00	29½	6.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
** New annual rate is $3.00.

Continued on page 38

Continued from page 37

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Chance (A. B.) Co. Manufacturing products for Utility Line Construction & Maintenance	23	1.20	19¼	6.2
Chapman Valve Mfg. Co. Gate valves, fire hydrants	22	3.00	39	7.7
Charleston Natl. Bk. (W. Va.)	22	2.00	52	3.8
Chase Manhattan Bank	110	2.40	47⅜	5.1
Chatham Manufacturing Co., Class A Woolen blankets	11	0.16	3⅜	4.7
Chemical Corn Exch. Bank	*101	2.075	43⅝	4.8
Chenango & Unadilla Telephone Corp. Operating telephone company	32	1.30	22½	5.8
Chicago Allerton Hotel Co. Chicago hotel	19	5.50	71	7.7
Chicago, Burlington & Quincy RR. Co. Midwest carrier	96	7.50	152	4.9
Chicago City Bk. & Trust Co.	23	5.00	200	2.5
Chicago Medical Arts Building Corp. Office building	12	2.50	47	5.3

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Chicago Mill & Lumber Wood boxes	18	1.25	17	7.4
Chicago Molded Products Corp. Plastic molders	19	0.70	9	7.8
Chicago Title & Trust Co.	23	5.00	76	6.6
Chilton Co. Publisher of business magazines	21	1.00	21	4.8
China Grove Cotton Mills Co. Combed yarn manufacturer	36	2.00	44	4.5
Christiana Secur. Co. Holding company	*32	485.00	12,300	3.9
Circle Theatre Co. Real estate holding company	22	4.00	35⅛	11.4
Citizens Commercial & Savings Bank (Flint, Mich.)	22	†2.00	84	2.4
Citizens Fidelity Bank & Tr. (Louisville)	39	†1.60	43	3.7
Citizens Natl. Trust & Savings Bank (Los Angeles)	64	2.25	45½	4.9
Citizens & Southern National Bank (Savannah)	53	1.50	36½	4.1

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Citizens & Southern National Bank of S. C. (Charleston)	30	1.70	40½	4.2
Citizens Utilities Co., Cl. B Public utility	20	0.90	13¾	6.5
City National Bank & Tr. Co. (Chicago)	17	3.00	57	5.3
City Nat. Bank & Trust Co. (Columbus, Ohio)	23	1.00	29	3.4
City National Bank & Tr. Co. (Kansas City)	*30	0.80	82	1.0
City Title Insurance Co. Title insurance	20	0.40	6½	6.2
City Trust Co. (Bridgeport, Conn.)	a104	1.40	33	4.2
Cleveland Builders Supply Manufacturers and distributors of building materials	19	2.40	38	6.3
Cleveland Quarries Co. Building and refractory stone	18	0.40	10¾	3.7
Cleveland Trust Co.	22	6.00	218	2.8
Cleveland Union Stock Yards Company Operates livestock yards	52	0.625	7	8.9
Coca-Cola (Los Angeles)	34	1.50	24	6.3
Coca-Cola (New York)	19	†0.98	20¼	4.0
Coca-Cola (St. Louis)	30	0.60	12½	4.8
Cochran Foil Co. Foil rolling, laminating lacquering	10	0.70	15¼	4.6
Collins Co. Farm and cutting implements	*43	8.00	123	6.5
Collyer Insulated Wire Manufacturer of insulated wire and cable	40	2.50	32¼	7.8
Colonial Life Insurance Co. of America Non-participating life insurance	12	1.00	135	0.7
Colonial Stores Retail food stores in Southeast and Midwest	17	1.10	22½	4.9
Color-Craft Products, Inc. Wall coverings	10	0.20	2½	8.0
Colorado Central Power Co. Electric light and power supplier	24	1.30	26½	4.9
Colorado Interstate Gas Co. Natural gas transmission	23	1.25	37½	3.3
Colorado Milling & Elevator Flour and prepared mixes for baking	13	1.40	20	7.0
Columbian National Life Insurance Co. Life, accident and health	16	2.00	66	3.0
Commerce Trust (K. C.)	22	2.55	76½	3.3
Commerce Union Bank (Nashville)	42	1.00	38	2.6
Commercial Banking Corp. Dealer financing	10	0.60	7⅛	8.4
Commercial Discount Corp. Provides working capital	12	0.30	11¼	2.7
Commercial Shear, & Stamp. Pressed metal products, hydraulic oil equipment and forgings	23	†0.95	19¾	4.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Commercial Trust Co. of New Jersey (Jersey City)	53	3.50	84	4.2
Commonwealth Life Insurance Co. (Ky.) Non-participating and industrial life	17	†0.15	16⅞	0.9
Commonwealth Trust Co. (Pittsburgh)	56	1.20	40	3.0
Community Hotel Co. (Pa.) York Pa., hotel	11	6.00	90	6.7
Concord Elect. (New Eng.) Operating public utility	53	2.40	41	5.9
Conn (G. C.), Ltd. Top manufacturer of band instruments	10	0.625	11¾	5.3
Connecticut Bank & Tr. Co.	143	1.80	35½	5.1
Connecticut General Life Insurance Co. Life, accident and health insurance (group and individual)	80	1.80	237	0.8
Connecticut Light & Power Operating public utility	36	1.00	18	5.6
CONNECTICUT NATIONAL BANK (BRIDGEPORT, CONN.) ● See Bank's advertisement on page 51.	18	1.00	16¾	6.0
Connecticut Power Co. Merged with and into Hartford Electric Co. (traded on the American Stock Exchange). Stockholders received ¾ share of common for each common share held Electric and gas public utility	43	2.25	41½	5.4
Connecticut Printers, Inc. Commercial printing	79	1.70	31	5.5
Connohio, Inc. Sale of ice & oil, & warehousing	12	0.25	3⅜	7.4
Consolidated Dearborn Owns office buildings in Chicago and Newark	12	1.30	21½	6.0
Consolidated Dry Goods Co. Department store chain	16	3.975	79	5.0
Consolidated Metal Products Corp. Owns railroad equipment patents	23	3.00	52	5.8
Consolidated Naval Stores Holding company, diverse interests	25	22.00	580	3.8
Consolidated Rendering Co. Tallow, grease, meat scrap, fertilizers, hides and skins	23	2.00	22¾	8.8
Consol. Water Pwr. & Paper Manufactures paper and paper products	25	1.10	31½	3.5
Continental American Life Insurance Co. Participating life	*33	1.50	44	3.4
Continental Assurance Co. Life, accident and health	45	1.20	114	1.1
Continental Casualty Co. Diversified insurance	24	‡1.40	73¼	1.9
Continental Gin Manufactures cotton ginning equipment	58	1.75	17	10.3
Continental Illinois National Bank and Trust Co. of Chicago	23	4.00	82½	4.8
Copeland Refrigeration Corp. Refrigerators and air conditioning	12	1.00	10½	9.5
Corduroy Rubber Co. Tires and tubes	19	3.00	40	7.5
Cornell Paperboard Products Wall & paperboard & containers	17	1.00	14½	6.9
County Bank & Trust Co. (Paterson, N. J.)	90	1.50	28¾	5.2
County Trust (White Plains)	54	†0.49	22⅞	2.1
Cowles Chemical Co. Manufacturing chemists	18	0.525	12½	4.2
Creamery Package Mfg. Food processing and refrigerating machines and farm coolers	71	2.00	32½	6.2
Crompton & Knowles Corp. Wide variety of looms	26	0.75	10½	7.1
Crown Life Insurance Co. Life, accident and sickness; also annuities	35	1.90	95	2.0
Cuban Telephone Co. Operating public utility	15	†6.38	92	6.9
Cumberland Gas Corp. Operating public utility	11	0.60	6⅝	9.1
Cummins Engine Co. Diesel and gas engines	10	†0.91	36	2.5
Curlee Clothing Co. Men's suits and overcoats	19	0.60	9½	6.3
Curtis Companies, Inc. Windows, doors and other woodwork	*16	0.10	6¼	1.6
Dahlstrom Metallic Door Co. Doors, mouldings, cabinets	16	1.25	16	7.8
Dallas Transit Co. Local transit facilities	16	0.35	5⅜	6.5
Darling (L. A.) Co. Manufacturing display equipment	11	0.50	7½	6.7
DAYTON MALLEABLE IRON CO. Iron and steel castings ● See Company's advertisement on page 53.	23	1.50	16	9.4
De Bardelebon Coal Corp. Bituminous coal	10	8.00	90	8.9
Decker Nut Manufacturing Co. Manufacturer of cold headed industrial fasteners	12	0.30	3¼	9.2
Del Monte Properties Co. Real estate	13	2.60	63½	4.1
Delaware Railroad Co. Leased and operated by P.R.R.	59	2.00	35	5.7
Delta Electric Co. Hand lanterns and auto type switches, bicycle lamps and horns	25	1.30	18	7.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc
‡ Plus one share of Continental Assurance for each 100 shares held.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Dempster Mill Manufacturing Farm equipment	22	1.20	19	6.3
Dentist's Supply (N. Y.) Artificial teeth and other dental supplies	*32	1.25	17⅜	7.2
Denver Natl. Bank (Denver)	*34	1.20	28½	4.2
Denver Union Stock Yard Co. Livestock	39	†3.83	70	5.5
Detroit Aluminum & Brass Bearings and bushings	*12	0.55	8½	6.5
Detroit Bank & Trust Co.	23	1.80	39	4.6
Detroit & Canada Tunnel Owns and operates international tunnel	17	1.00	12⅝	7.9
Detroit Harvester Co. Mfr. auto parts, farm equipment and power lawn mowers	35	1.20	16½	7.3
Detroit International Bridge Operates bridge to Windsor	14	1.10	16⅞	6.5
Detroit Mortgage & Realty Co. Real estate financing	19	0.075	2¼	3.3
Detroit Stamping Co. Pressed metal parts & specialties	25	1.35	16	8.4
Diamond Portland Cement Manufacturer of Portland Cement	36	1.25	21	6.0
Dickey (W. S.) Clay Mfg. Co. Sewer and culvert pipes, tiles	12	1.25	24	5.2
Dictaphone Corp. Manufacture and sale of Dictaphone, dictating, recording and transcribing machines	32	†1.65	46	3.6
Dictograph Products Co. Holding company	12	0.10	3¾	2.7
Dime Bank (Akron)	23	2.00	50	4.0
Discount Corp. of New York Dealers in U. S. Treasury securities and bankers acceptances	39	14.00	140	10.0
District Theatres Operates theatre chain	12	0.20	3	6.7
Dixon (Joseph) Crucible Co. Crucibles, graphite, paint	19	1.20	16½	7.3
Dobbs Houses, Inc. Restaurant and airline catering	11	†1.95	37½	5.2
Dollar Savings & Trust Co. (Youngstown)	18	dd5.00	90	5.6
Donnelley (R. R.) & Sons Largest commercial printer in United States	48	†0.77	20⅝	3.7
Drackett Co. Manufactures soybean and household products	*25	0.525	8½	6.2
Dravo Corp. Heavy engineering projects, marine equipment	19	†1.96	52	3.8
Drexel Furniture Co. Furniture manufacturer	*22	1.50	19¾	7.6
Drovers Natl. Bk. (Chicago)	75	0.80	23	3.5
Ducommun Metals & Supply Metals and industrial supplies Steel or nonferrous products	23	†1.24	20¼	6.1
Duff-Norton Industrial jacks and lifting equipment	68	2.40	38	6.3
Dun & Bradstreet Inc. Credit and marketing reports and publications	25	1.65	28¼	5.8
Duriron Co. Corrosion resistant equipment	18	1.20	19¼	6.2
Eason Oil Co. Oil and gas production	17	0.50	11½	4.3
Eastern Racing Assn. Suffolk Downs	17	0.30	3⅝	8.3
Eastern Utilities Associates Holding company, New England public utilities	30	2.20	30⅜	7.2
Eaton Paper Corp. Manufactures social stationery, typewriter paper, social and business record books	13	5.00	52	9.6
Economics Laboratory, Inc. Manufactures Soilax, Finish and Electrasol	21	†0.77	13½	5.7
Ecuadorian Corp., Ltd. (Bahamas) Holding co.—brewing interests	20	1.00	12¼	8.2
Edgewater Steel Co. Circle E. rolled steel railroad wheels and tires, steel rings and forgings	36	ee2.50	39	6.4
Edison Sault Electric Co. Operating public utility	22	0.80	15⅞	5.0
Egry Register Co. Autograhic registers	19	0.50	18	2.8
El Paso Electric Co. Public utility	30	†1.00	21¾	4.6
El Paso Natl. Bank (Texas)	24	2.40	49	4.9
Electric Hose & Rubber Co. Rubber hose	19	1.90	29½	6.4
Electrical Products Consol. Neon sign manufacturing	23	1.70	26½	6.4
Electro Refractories & Abrasives Corp. Manufacturer of crucibles, refractories and abrasive products	23	0.60	8¼	7.3
Elizabethtown Consolidated Gas Co. Natural gas distributing utility	65	1.40	28½	4.9
Elizabethtown Water Co. (Consolidated) Operating public utility	35	1.60	40	4.0
Emhart Manufacturing Co. Glass industry machinery	12	†1.45	46½	3.1
Empire Southern Gas Co. Natural gas public utility	15	1.15	23	5.0
Empire State Oil Oil production and refining	11	0.30	5⅜	5.6
Empire Trust Co. (N. Y.)	52	3.00	157	1.9
Employers Casualty Co. Fire and Casualty Insurance a Including predecessors.	*34	2.00	70	2.9
Employers Reinsurance Corp. Multiple line reinsurance	44	1.25	27¾	4.5
Equitable Security Trust Co. (Wilmington)	163	4.25	86	4.9
Equitable Trust Co. (Balt.)	43	†0.94	58	1.6
Equity Oil Co. Crude oil production	10	0.40	29	1.4
Erie & Kalamazoo RR. Leased by New York Central	109	3.00	44	6.8
Erie Resistor Corp. Electronic products and molded plastics	19	†0.39	6¾	5.8
Erlanger Mills Corp. Textile holding and operating co.	12	0.80	13	6.2
Erwin Mills, Inc. Textile mills	32	0.90	8½	10.6
Essex Co. Water power to mills	47	3.00	40	7.5
Excelsior Life Insurance Co. (Toronto) Participating & non-participating	*30	†1.20	132½	0.9
Exeter & Hampton Electric Company Operating public utility	50	2.60	43	6.0
Exeter Manufacturing Co. Cotton and glass fabrics	17	1.00	50	2.0
Exolon Co. Manufacture artificial abrasives and magnetic separators	22	1.80	29½	6.1
Faber Coe & Gregg, Inc. Tobacco wholesaler	24	3.40	51	6.7
Fafnir Bearing Co. Manufacturer of ball bearings	45	†2.69	53	5.1
Fairmont Railway Motors, Inc. Railway maintenance equipment	*24	35.00	435	8.0
Fall River Gas Co. Operating public utility	*49	1.475	21¼	6.9
Fanner Mfg. Manufactures chaplets and chills for foundries	45	0.625	5⅜	11.6
Farmers & Merchants Bank of Long Beach (Calif.)	23	1.80	72	2.5
Farrel-Birmingham Co. Heavy machinery & machine tools	23	2.75	32½	8.5
Fate-Root-Heath Co. Manufactures locomotives, ceramic machinery and lawnmower sharpeners	24	1.00	12	8.3
Faultless Rubber Miscel. rubber goods, sponges	33	1.20	21	5.7
Federal Bake Shops, Inc. Chain of retail bake shops	22	0.45	5⅞	7.7
Federal Chemical Co. Fertilizers	14	6.00	60	10.0
Fed. Compress & Warehouse Cotton compress and warehousing	32	1.35	17	7.9
Federal Insurance Co. Multiple line insurance	56	0.90	38¾	2.3
Federal Screw Works Screws and machines	17	1.50	16½	9.1
Federal Sign & Signal Corp. Electric signs, sirens, lights, traffic and highway signs	10	1.325	23½	5.6
Federal Trust Co. (Newark)	14	1.60	32½	4.9
Federated Publications, Inc. Michigan newspapers	23	4.65	83	5.6
Federation Bank and Trust Co. (New York)	22	†0.94	23½	4.0
Ferry Cap & Set Screw Co. Manufacturer of screw products	19	0.30	4½	6.7
Fidelity-Baltimore Natl. Bk. (Baltimore)	53	2.00	41½	4.8
Fidelity-Philadelphia Trust	93	4.00	68	5.9
Fidelity Trust Co. (Pgh.)	74	3.30	71	4.6
Fidelity Union Tr. (Newark)	64	3.00	59	5.1
Fifth-Third Un. Tr. (Cinn.)	21	2.20	46½	4.7
Fifty Associates (Boston) Boston real estate	*12	50.00	1300	3.8
Finance Co. of Pennsylvania Real estate and securities	29	†2.90	60	4.8
Fireman's Fund Insur. Co. Western fire underwriter	50	1.80	43¾	4.1
Firemen's Ins. Co. (Newark) Diversified insurance	21	1.30	37	3.5
First Amer. Nat. Bk. (Nashv.)	20	1.30	27	4.8
First Bank Stock Corp. Bank holding company	29	1.70	29¼	5.8
First Bank & Trust Co. (South Bend)	19	1.20	32	3.8
FIRST BOSTON CORP. Investment banking • See Company's advertisement on page 34.	19	4.75	51¾	9.2
First Camden National Bank & Trust Co. (N. J.)	13	0.95	20¼	4.7
First City Natl. Bk. (Houston	25	†1.95	62	3.1
First Geneva Corp. Name adopted by erstwhile Shuron Optical Co., Inc. following stockholder approval of sale of company's business and assets. Further details under Shuron Optical Co., Inc. listing				
First Natl. Bank of Akron	19	†0.99	36	2.8
First Natl. Bank of Atlanta	*29	†1.56	32	4.9
First Natl. Bank (Baltimore)	30	2.50	49½	5.1
First Natl. Bank (Birming.)	15	†1.36	37½	3.6
First Natl. Bank of Boston	174	3.25	64	5.1
First Natl. Bank (Chicago)	23	8.00	298	2.7
First Natl. Bank (Cinn.)	94	1.85	34¼	5.4
First Natl. Bank in Dallas	82	†1.35	32	4.2
First Natl. Bank of Denver	41	14.00	490	2.9
First National Bank of Fort Worth	25	†0.97	25½	3.8
First Natl. Bank (Jersey City)	94	ff2.25	58	3.9
First Natl. Bank (K. C.)	68	†2.54	112	2.3
First Natl. Bank (Memphis)	63	1.40	35	4.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
dd Bank paid 100% stock dividend on Feb. 28, 1958, and new annual dividend rate will be $3.25 per share.
ee Plus 3% stock dividend.

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

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
ff New annual rate is $3 a share. A 3% stock dividend was paid in January, 1957, and one of 10% in January, 1958.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
First Natl. Bank (Miami)	55	1.00	40	2.5
First Natl. Bank (Mobile)	*33	4.50	114	3.9
First Natl. Bank (Omaha)	21	2.50	71	3.5
First Natl. Bank of Portland	87	2.00	39¼	5.1
First Natl. Bank (St. Louis)	39	3.00	58½	5.1
First Natl. Bank (Shreveport)	21	1.40	43	3.3
First Natl. Bank (Wichita)	38	8.00	270	3.0
First Natl. Bk. T. (Okla. City)	30	1.00	34	2.9
First National Bank & Trust of Paterson, N. J.	93	†2.91	71	4.1
First National Bank & Trust Co. (Scranton)	95	2.50	36½	6.8
First National Bank and Trust Co. (Tulsa)	19	1.40	30½	4.6
First National City Bank of New York	145	2.90	58½	5.0
First National Exchange Bank of Roanoke	76	†1.25	33	3.8
First National Trust & Savings Bank of San Diego	25	1.375	36½	3.8

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
First New Haven National Bank (Conn.)	22	u1.40	27	5.2
First Pennsylvania Banking & Trust Co. (Phila.)	143	2.25	39⅞	5.6
First Security Corp.	23	1.50	38½	3.9
Bank holding company				
First Western Bank & Trust Co. (San Francisco)	90	1.60	27¾	5.8
Fitchburg Gas & Elec. Light	99	3.00	49½	6.1
Serves Massachusetts communities				
Florida National Bank (Jacksonville)	22	1.00	60	1.7
Florida Public Utilities Co.	15	0.65	9¾	6.7
Operating public utility				
Florida Telephone Corp.	17	0.90	19½	4.6
Telephone company				
Flour City Ornamental Iron Co.	10	†0.58	10½	5.5
Ornamental metal work and Aluma Craft boats.				
Foote Bros. Gear & Mach.	17	1.575	15¾	10.0
Gears and transmission equip.				
Foote-Burt Co.	29	1.40	15½	9.0
Drilling, reaming, tapping machines				
Forbes & Wallace, Inc., Cl. B	22	1.75	26	6.7
Dept. store, Springfield, Mass.				
Fort Pitt Bridge Works	16	1.00	21	4.8
Structural steel fabrication				

† Adjusted for stock dividends, splits, etc.
u New annual rate.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Fort Wayne Corrugated Paper Co.	19	1.00	24	4.2
Corrugated shipping containers				
Fort Wayne National Bank (Indiana)	23	2.00	58	3.4
Ft. Worth National Bank	74	1.00	23¾	4.2
Fort Worth Transit Co.	10	0.40	4⅝	8.6
Fort Worth bus service				
Fostoria Pressed Steel Corp.	18	2.00	25	8.0
Industrial lighting units				
Fourth Natl. Bank of Wichita	*33	1.00	68	1.5
Fownes Brothers & Co.	11	0.15	4½	3.3
Gloves				
Fram Corp.	16	1.00	11¼	8.9
Manufacturer of oil, air, fuel and water filters				
Franco Wyoming Oil Co.	22	1.25	33¼	3.8
Oil production, exploration and development				
Frank (Albert)-Guenther Law, Inc.	14	0.30	12	2.5
Advertising agency				
FRANKLIN LIFE INSURANCE CO.	16	†0.40	54½	0.7
Life insurance				
● See Company's advertisement on facing page.				
FRICK CO.	56	2.25	33	6.8
Refrigeration and air conditioning equipment				
● See Company's advertisement on page 48.				
Friedman (Louis) Realty Co.	11	0.40	10	4.0
New York City real estate				
Frontier Refining Co.	12	†0.23	14⅛	1.6
Petroleum production, refining and marketing				
Fruit of the Loom, Inc.	12	1.50	14	10.7
Cotton goods				
Fuller Brush Co., Class A	36	5.00	79	6.3
Brushes				
Fuller Manufacturing Co.	20	†1.77	42	4.2
Manufacturing heavy duty transmissions, forgings and axles				
Fulton Market Cold Storage	28	1.00	13½	7.4
Refrigerated warehousing				
Fulton Natl. Bank (Atlanta)	45	†1.17	28	4.2
Galveston-Houston Co.	19	1.00	7½	13.3
Holding company. Bus industry				
Garlock Packing Co.	53	1.75	25¼	6.9
Mechanical packings, gaskets, oil seals and mechanical seals				
Gary Natl. Bank (Indiana)	44	6.00	450	1.3
Gary Railways, Inc.	15	‡0.50	3¼	15.4
Transportation holding company				
Gas Service Co.	14	1.36	20⅞	6.5
Natural gas distributor serving Missouri, Kansas, Oklahoma and Nebraska				
General Crude Oil Co.	20	1.00	22	4.5
Southern producer				
General Industries Co.	18	1.65	20	8.3
Plastics. Also makes small electric motors				
General Manifold & Ptg. Co.	13	0.50	7¼	6.9
Commercial printing				
General Metals Corp.	23	1.80	17½	10.3
Marine and other machinery				
GENERAL REINSURANCE CORP.	24	2.00	47½	4.2
All casualty, bonding, fire and allied lines				
● See Company's advertisment on this page.				
Genuine Parts Co.	10	1.15	31½	3.7
Auto parts distributor				
Georgia Marble Co.	15	†1.19	33½	3.6
Marble production				
Germantown Fire Insurance Company	10	2.50	76	3.3
Fire and allied lines insurance				
Giddings & Lewis Mach. Tool	21	2.00	20½	9.8
Boring, milling and drilling machines				
Gilbert & Bennett Manufacturing Co.	16	2.00	70	2.9
Wire cloth				
Girard Trust Corn Exchange Bank (Philadelphia)	121	†2.33	42	5.5
Gisholt Machine Co.	23	1.00	13¼	7.5
Turret lathes and tools				
Glatfelter (P. H.) Co.	13	1.95	44½	4.4
Pulp and paper manufacture				
Glen-Gery Shale Brick Corp.	12	0.40	4¾	8.4
Brick manufacturing				
Glens Falls Insurance Co.	92	†1.00	25⅛	4.0
Multiple line insurance underwriter				
Glens Falls Portland Cement	13	0.85	15½	5.5
Portland and masonry cement				
Globe & Republic Insurance Co. of America	24	1.00	15¾	6.3
Fire and allied lines of insurance				
Goderich Elevator & Transit Co., Ltd.	54	1.50	23½	6.4
Grain elevator				
Good Humor Corp.	24	0.35	7¼	4.8
Well-known ice cream retailer				
Goodall Rubber Co. (class A)	24	0.50	9½	5.3
Hose, belting and packings				
Gould Pumps, Inc.	10	1.25	33½	3.7
Pumps and water systems				
Govt. Employees Insurance	11	1.50	87	1.7
Insurance—casualty and fire				
Grace Natl. Bank of New York	11	6.00	300	2.0
Grand Trunk Warehouse & Cold Storage Co.	15	2.00	60	3.3
Detroit ice manufacturer				
Graniteville Co.	17	1.90	28	6.8
Cotton fabrics				

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
‡ A special distribution of $4.50 paid on Dec. 2 has not been included in this amount.

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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

Assets . . .

Cash		$ 10,681,668.91
*United States Government Bonds	$ 30,512,135.15	
*Other Bonds	169,543,081.87	200,055,217.02
First Mortgage Loans on Real Estate		118,112,400.94
Federal Housing Administration Real Estate Loans		29,333,510.99
Loans to Policyowners (Secured by Legal Reserve)		20,616,828.33
Real Estate (Including $14,668,019.74 of properties acquired for investment)		21,168,504.44
Premiums in Course of Collection (Liability included in Reserve)		15,501,218.23
Interest and Rents Due and Accrued		2,770,150.08
Other Assets		1,371,412.76
		$419,610,911.70

Liabilities . . .

Legal Reserve on Outstanding Contracts		$331,018,640.00
Premiums and Interest Paid in Advance		8,212,637.60
Other Policyowners' Funds		26,029,506.68
Reserve for Taxes Payable in 1958		2,455,000.00
Accrued Expenses		698,880.84
Suspense Accounts		2,934,853.39
Other Liabilities		2,111,393.19
		$373,460,911.70

Surplus Funds . . .

Capital	$15,609,375.00	
General Surplus	30,540,625.00	46,150,000.00
		$419,610,911.70

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

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

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
$43,836,056.19

Increase in Reserves
$33,337,981.00

Increase in Surplus Funds
$7,400,000.00

Payments to policyowners and beneficiaries during year
$26,625,580.70

Payments to policyowners and beneficiaries since 1884, plus funds currently held for their benefit
$600,405,195.88

Continued from page 40

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Great American Indemnity Company — Diversified insurance	25	0.80	16	5.0
Great Amer. Ins. Co. (N. Y.) — Diversified insurance	85	1.50	30⅛	5.0
Great Lakes Engineering Works — Shipbuilders and engineers	35	0.30	17¼	1.7
Great Southern Life Ins. Co. — Life, accident and health	*33	1.60	67	2.4
Great West Life Assurance Co. (Winnipeg) — Life, accident and health	57	4.00	180	2.2
Green (Daniel) Co. — House slippers	*21	5.00	70	7.1
Green Giant Co., Class B — Vegetable canning & distribution	*34	1.00	19¼	5.2
Gregory Industries, Inc. — Stud welding equipment and welding studs	10	†0.43	11½	3.7
Griess-Pfleger Tanning Co. — Leather tanning	*17	1.00	11½	8.7
Grinnell Corp. — Sprinklers & plumbing equipment	23	†3.80	95½	4.0
Guarantee Co. of North America (Montreal) — Fidelity and surety bonds	85	18.00	337	5.3
Guaranty Trust Co. (N. Y.)	66	†3.73	66¼	5.6
Gulf Insurance Co. (Dallas) — Fire and casualty insurance	24	†1.95	60	3.3
Gulf Life Insurance Co. (Jacksonville, Fla.) — Life and accident	26	†0.49	20½	2.4
Gustin-Bacon Mfg. Co. — Glass fibre insulation products	20	0.50	23	2.2
Hagan Chemical and Controls, Inc. — Water treatment chemicals	15	1.55	40	3.9
Hajoca Corp. — Plumbing, heating and air conditioning supplies	16	1.25	32	3.9
Halle Bros. — Ohio merchandise distributors	43	†0.95	22	4.3
Haloid Co. — Photo papers, copying processes	29	0.80	48½	1.6
Hamilton Mfg. — Wood and steel products	19	1.00	14½	6.9
Hamilton National Bank (Chattanooga, Tenn.)	*53	10.00	350	2.9
Hamilton National Bank (Knoxville, Tenn.)	26	8.00	345	2.3
Hancock Oil Co., Class B — Producer, refiner & marketer of petroleum products	29	v0.60	30	2.0
Hanes (P. H.) Knitting Co. — Underwear and sportswear	25	1.80	36	5.0
Hanna (M. A.), Class B — Coal, iron, steel	24	3.50	99	3.5

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
v Plus 4% payable in class A stock.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Hanover Bank (The) (N. Y.)	106	2.00	43⅛	4.6
Hanover Fire Insurance Co. — Multiple line insurance	105	2.00	29¾	6.7
Hanson Van Winkle — Electroplating and polishing equipment	*15	†0.32	6¼	5.1
Harris Tr. & Svgs. Bk. (Chic.)	50	rt2.40	83	2.9
Harrisburg Hotel Co. — Penn-Harris Hotel	23	3.50	45	7.8
Hart-Carter Co. — Grain handling equipment	18	1.00	10½	9.5
Hartford Fire Insurance — Diversified insurance	85	3.00	128	2.3
Hartford Gas Co.	107	2.00	36¾	5.4
Hartford Natl. Bank & Trust	126	1.425	32	4.5
Hartford Steam Boiler Insp. and Insurance Company — Boiler and machinery insurance	87	2.50	73½	3.4
Harvard Trust (Cambridge)	54	1.95	44	4.4
Haverhill Gas Co. — Sale of gas	46	1.29	19½	6.6
Haverty Furniture Cos. — Holding company	23	†0.99	21	4.7
Heidelberg Brewing Co. — Beer and ale	13	0.20	2⅝	7.6
Hershey Creamery — Produces dairy products in Pennsylvania	26	2.50	34	7.4
Hettrick Manufacturing Co. — Canvas products	21	0.80	13	6.2
Heywood-Wakefield Co. — Maker of furniture	15	1.50	14¾	10.2
Hibernia Bank (San Fran.)	10	3.00	53	5.7
Hibernia National Bank (New Orleans)	23	†1.67	64½	2.6
Higbee Co. — Department store	14	†1.16	22	5.3
Hines (Edward) Lumber Co. — Timber logging and processing	17	2.50	34	7.4
Holyoke Water Power Co. — Electric and hydraulic power, industrial steam and real estate	88	1.20	25¾	4.7
Home Dairy Co. — Operation of food markets, cafeterias and bakeries	15	0.60	7¾	7.7
Home Finance Group, Inc. — Holding company—auto financing	10	0.39	7⅞	5.0
Home Insurance Co. (N. Y.) — Property insurance	84	2.00	34⅛	5.9
Home Telephone and Telegraph Company of Virginia — Local and long distance phone service	37	0.35	5¾	6.1
Home Title Guaranty Co. (Brooklyn, N. Y.) — Title insurance	17	1.00	15½	6.5
Hook Drugs, Inc. — Indiana drug chain	23	0.45	11	4.1
Hooven & Allison Co. — Ropes and twine	27	15.00	82	18.3
Hoover Co., Class B — Vacuum cleaners	15	2.20	15½	1.42
Hotel Barbizon, Inc. — New York City	24	20.00	500	4.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
rt Dividend and year-end quotation adjusted for 5-for-1 split effective in January, 1958.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Hotel Syracuse, Inc. — 606 rooms	14	2.65	54	4.9
Housatonic Public Serv. Co. — Connecticut public utility company, gas and electric	16	1.40	19	7.4
Houston Natural Gas Corp. — Southern Texas utility	22	1.50	38½	3.9
Huntington National Bank of Columbus (Ohio)	46	†1.68	47½	3.5
Huston (Tom) Peanut Co. — Confection and food products	21	†1.90	45	4.2
Huyck (F. C.) & Sons — Manufactures papermakers' felts, industrial fabrics, precision instruments and control devices	51	1.40	21	6.7
Idaho First Natl. Bk. (Boise)	23	†0.85	31	2.7
Ideal Cement Co. — Western & southern producer	33	2.00	51½	3.9
Imperial Paper & Color Corp. — Manufacturer of wallpaper and pigment colors	a24	1.75	29½	5.9
Imperial Sugar Co. — Sugar refining	20	2.00	31	6.5
Indiana Gas & Water Co., Inc. — Gas and water utility	12	†0.98	16¾	5.9
Indiana National Bank of Indianapolis	93	2.45	56	4.4
Indiana Telephone Corp. — Operating public utility	17	0.50	18	2.8
Indianapolis Water Co. — Operating water utility	46	1.00	18⅜	5.4
Industrial Bank of Commerce (New York)	23	2.00	32½	6.2
Industrial Mortgage & Trust Co. (Ontario) — Savings, trust and mortgages	*31	4.00	81	4.9
Industrial Natl. Bank (Prov.)	a166	1.45	38	3.8
Insley Manufacturing Corp. — Manufacture and sale of construction cranes, shovels, etc.	12	1.00	21	4.8
Insurance Co. of the State of Pennsylvania — Diversified insurance	38	1.40	33	4.2
Inter-County Title Guaranty & Mortgage Co. — Title insurance	10	5.00	175	2.9
Inter-Mountain Telephone Company — Operating public utility	32	0.80	14	5.7

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Inter-Ocean Reinsurance Co. — Reinsurance—multiple lines	35	1.50	32	4.7
International Holdings, Ltd. — Investment trust—hydro-electric interests	19	1.10	19⅞	5.5
Interstate Bakeries Corp. — Baking bread and cakes	10	1.30	25¾	5.0
Interstate Co. — Restaurant chain	13	†0.48	9	5.3
Investors Mortgage Company (Bridgeport) — Real estate, insurance and mortgages	*32	2.50	23	10.9
Iowa Public Service Co. — Electricity supplier	19	0.80	14⅛	5.7
Iowa Southern Utilities Co. — Electricity supplier	12	1.28	21	6.1
Irving Trust Co. (N. Y.)	52	px1.70	31	5.5
Ivey (J. B.) & Co. — Department store chain	27	1.00	16½	6.1
Jacksonville Gas Corp. — Operating public utility	14	0.045	7½	0.6
Jahn & Ollier Engraving Co. — Photo-engraving	24	0.25	3½	7.1
Jamaica Water Supply Co. — Long Island water supplier	40	2.00	33	6.1
James Manufacturing Co. — Manufacturers of farm equipment	22	1.20	17¾	6.8
Jantzen Inc. — Sportswear manufacturing	17	†0.74	21	3.5
Jefferson Electric Co. — Electrical devices	24	0.60	8	7.5
Jefferson Standard Life Ins. — Life insurance	46	†1.15	68½	1.7
Jenkins Bros., Inc. — Valves	23	2.00	41	4.9
Jersey Insur. Co. of N. Y. — Multiple line insurance	a25	1.54	26	5.9
Jervis Corp. — Refrigerators and stove hardware	19	0.60	7¼	8.3
Johansen Bros. Shoe Co. — Shoes for women	19	0.25	3	8.3
Johnson Service Co. — Temperature and air conditioning controls	*23	2.00	47½	4.2
Jones & Lamson Machine Co. — Lathes, grinders, comparators, threading dies	22	2.00	21¼	9.4
Joseph & Feiss Co. — Manufacturers men's clothing	19	0.80	6¼	12.8
Joslyn Manufacturing & Supply Co. — Electrical and communication pole line equipment	23	2.00	42¼	4.7
Julian & Kokenge Co. — Women's shoes	30	1.35	16	8.4
Kahler Corp. — Hotels, restaurant and laundry operator	42	1.70	31½	5.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
px A 2% stock dividend was declared Nov. 27, 1957, payable March 3, 1958.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Kalamazoo Veg. Parchm't Co. Pulp and paper, specializing in food protection papers	32	†1.41	29¼	4.8
Kanawha Valley Bank (Charleston, W. Va.)	*73	8.00	175	4.6
Kansas City Fire & Marine Insurance Co. Multiple-line insurance	22	1.25	24	5.2
Kansas City Life Ins. Co. Non-participating life	*34	8.00	1060	0.8
Kansas City Structural Steel Buildings, bridges and tanks	10	1.00	21½	4.7
Kansas City Title Insurance Company Title insurance, abstracts, escrow	18	2.50	52	4.8
Kansas-Neb. Natural Gas Co. Natural gas production, transmission and distribution	21	1.75	34¾	5.0
Kearney (James R.) Corp. Utility equipment	21	1.00	16	6.3
Kearney & Trecker Corp. Milling machines	16	0.60	7⅝	7.9
Kellogg Co. (Battle Creek) Leader in dry cereals	35	1.75	37¼	4.7
Kendall Company (The) Surgical dressings, elastic goods, textile specialties and pressure-sensitive industrial tapes	18	2.00	30¾	6.5
Kendall Refining Co. Producing, refining and marketing of petroleum and its products	56	1.70	17	10.0
Kennametal Inc. Hard carbide compositions, cutting tools and specialties	15	1.10	22¾	4.8
Kent-Moore Organization Service station equipment	10	1.00	11½	8.7
Kentucky Central Life & Accident Insurance Co. Non-participating life	19	5.00	100	5.0
Kentucky Stone Co. Crushed stone	15	2.00	35½	5.6
Kentucky Utilities Co. Electricity supplier	19	1.28	25⅛	5.1
Kerite (The) Company Manufacture insulated wire and cable	26	2.00	31	6.5
Kings County Trust Company, Brooklyn, N. Y.	68	†3.91	83	4.7
Kingsburg Cotton Oil Co. Cotton seed products	11	0.15	1⅞	8.0
Kingsport Press, Inc. Book manufacturing	14	†0.76	21¾	3.5
Kinney Coastal Oil Crude oil produced	16	0.17	2	8.5
Kirsch Company Manufacture venetian blinds, drapery hardware	11	1.00	13½	7.4
Kittanning Telephone Co. Operating public utility	39	1.25	46½	2.7
Knudsen Creamery Wholesale dairy products, Southern California	18	†1.04	22¼	4.7

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Koehring Co. Earth moving and construction equipment	17	1.00	14¼	7.0
Kuhlman Electric Co. Transformers and metal smelting furnaces	12	†0.63	14¾	4.3
Kuner-Empson Co. Canned vegetables, bottled pickles	12	0.30	3½	8.6
Kuppenheimer Co. Makes and wholesales men's clothing	17	1.00	16	6.3
La Salle Natl. Bk. (Chicago)	10	2.60	58	4.5
Laclede Steel Co. Basic steel manufacturer	46	8.00	117	6.8
Lake Superior Dist. Pwr. Co. Public utility (electric, gas and water)	21	1.20	22¼	5.4
Lakeside Laboratories, Inc. Pharmaceutical products	10	1.00	41	2.4
Lake Superior & Ishpeming Railroad Co. Operating railroad	34	1.75	34	5.1
Lake View Trust & Savings Bank (Chicago)	*38	10.00	410	2.4
Lamston (M. H.) Inc. Variety store chain	14	0.50	8¼	6.1
Landers, Frary & Clark Household electrical products, etc.	71	0.75	11	6.8
Lang & Co. Wholesale grocer	13	32.50	4	8.1
Latrobe Steel High speed, tool and die, stainless steels	20	1.00	22	4.5
Lau Blower Co. Manufacture of air moving equip.	24	†0.19	4½	4.2
Lee (H. D.) Co. Mfr. of work, utility and play clothing	27	3.50	51	6.9
Leece-Neville Co. Starting-light equipment for autos and aircraft	35	0.40	5	8.0
Liberty Bk. of Buffalo (N.Y.)	13	†1.24	31¾	3.9
Liberty Life Insurance Co. Non-participating	16	†0.92	80	1.2
Liberty Loan Corp. Consumer credit	23	1.50	28¼	5.3
Liberty Natl. Bank & Trust Co. of Louisville	17	2.40	50	4.8
Liberty Natl. Bank & Trust Co. of Oklahoma City	23	0.80	24½	3.3
Life & Casualty Ins. of Tenn. Life, accident and health	22	0.60	16¾	3.6
Lincoln Natl. Bank & Trust Co. of Fort Wayne	18	go2.40	67	3.6
Lincoln Natl. Bank & Trust Co. of Syracuse	24	†1.19	42	2.8
Lincoln Natl. Life Ins. Co. Life insurance	39	1.75	171	1.0
Lincoln Rochester Trust Co. (Rochester)	22	2.30	46½	4.9
Lincoln Square Building Co. Springfield, Ill. real estate	24	12.00	138	8.7
Lincoln Stores, Inc. Dept. store chain in New England	28	0.70	10	7.0
Lock Joint Pipe Co. Water and sewer pipe	22	60.00	1,100	5.5

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
go Plus 20% stock dividend on July 16, 1957.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Loft Candy Co. Leader in the candy field	15	0.20	3	6.7
Lone Star Brewing Co. Lager beer	13	2.05	28	7.3
Longhorn Portland Cement Manufacturer of Portland Cement	21	1.75	27¾	6.3
Lorain Telephone Co. Operating public utility	a62	1.40	33	4.2
Los Angeles Transit Lines Traction company	13	1.40	17¾	7.9
Louisiana State Rice Milling Co. Rice and by-products	17	0.60	20	3.0
Louisville Title Mortgage Co. Title insurance on real estate	23	1.15	25	4.6
Louisville Trust Co. (Ky.)	15	†1.25	30	4.2
Lowell Bleachery, Inc. Bleaches and dry cotton goods	26	0.50	15	3.3
Lucky Stores, Inc. Retail food chain in northern California	13	0.69	13⅛	5.3
Ludlow Mfg. & Sales Jute and burlap	86	2.45	21½	11.4
Ludlow Typograph Co. Typesetting equipment	13	3.00	46	6.5
Luminator-Harrison, Inc. Automotive & electrical products	12	0.70	9¼	7.6
Lux Clock Mfg. Co. Manufacturer of clocks and timing mechanisms; electric & spring wound	36	0.30	9	3.3
Lynchburg Foundry Co. Cast iron products	19	1.00	17	5.9
Lynchburg Gas Co. Natural gas supplier	15	1.00	23½	4.3
Lyon Metal Products, Inc. Fabricated steel products	21	4.00	45	8.9
Macco Corp. Oilfield construction and maintenance	10	0.60	10⅞	5.5
Macmillan Co. Well-known book publisher	60	1.50	26	5.8
Macwhyte Co. Wire, rope, cables	14	1.55	19	8.2
Mading Drug Stores Co. Houston drug chain	12	0.60	11½	5.2
Madison Gas & Electric Co. Wisconsin utility	49	1.80	43½	4.1
Magor Car Corp. Railroad rolling stock	22	2.00	23	8.7
Mahon (R. C.) Co. Fabricated structural steel and sheet metal products	22	1.20	20	6.0
Manufacturers Life Insur. Co. Life insurance	*49	2.35	180	1.3
Mfrs. Natl. Bank (Detroit)	21	1.80	35	5.1
Mfrs. & Traders Tr. (Buf.)	72	1.10	22¾	4.8
Manufacturers Trust (N. Y.)	49	2.00	39½	5.1
Maremont Automotive Products, Inc. Auto parts	19	0.75	14¾	5.1

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

Continued on page 44

Growth of Petrochemical Markets Depicted by Northern Trust Co.

Ability of petrochemicals to outpace chemicals generally and tremendous strides achieved in plastics, synthetic rubber and fibers, and ammonia, are described by large Chicago bank.

The March, 1958, newsletter of the Northern Trust Company, Chicago, Ill., has noted many encouraging facets are to be found in the continued growth of the petrochemical markets.

The monthly letter, "Business Comment," points out that "the production of chemicals from petroleum and natural gas raw materials has grown at an extremely rapid rate in the postwar period—roughly 15% annually compared with 10% for the composite chemical industry and 4% for total industrial production. This growth reflects the rapid expansion of the major markets for petrochemical end-products, such as plastics, synthetic rubber, synthetic fibers and agricultural chemicals. Currently, petrochemicals account for over 25% of tonnage 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 growth of the pretrochemicals lies in the fact that in petroleum and natural gas are found the convenient combination of abundant raw materials, easily processable at low cost. The ready adaptability of oil and gas hydrocarbons to chemical syntheses has resulted in a high rate of discovery of new derivatives by industry research. These derivatives have permitted the development of a great diversity of end-products. Penetration of markets by these new materials has been accomplished by replacing natural materials where the synthetic has superior qualities, by substituting for natural materials where the quality of the synthetic product may not be superior but has an economic advantage, and by creating uses for which no existing material is suitable.

"The rapid development of the petrochemical industry in recent years has required heavy expenditures for new plant and equipment, often involving the design of entirely new manufacturing processes. Annual capital outlays climbed from less than $500 million in 1955 to $900 million last year, and are scheduled to rise further in the current year. This is in sharp contrast to the current trend in manufacturing capital outlays generally, where significant reductions are in prospect for the current year. Although chemical companies still dominate the petrochemical field, there is growing competition from petroleum companies. More and more oil companies seek to diversify their operations and, particularly, to upgrade raw materials to chemicals to achieve a higher unit sales value.

Plastics

"The tremendous strides of the plastics industry in the postwar period are indicative of the growth of the petrochemical markets. Plastics production approximated 4¼ billion pounds in 1957, a 7% gain over 1956. This represented an 82% increase in volume in the last five years and a 240% gain over the decade. During this period, a large number of completely new plastic materials based almost entirely on petroleum or natural gas have been developed, including low- and high-density polyethylene, polypropylene and polyurethane plastic foams. New applications ranging from piping and packaging to car bodies and pleasure boats have evolved, as the versatile materials have invaded markets formerly dominated by paper, wood, metals and other materials. The most rapid growth in the plastics group has been shown by polyethylene, the production of which jumped eightfold from 1951 through 1957. Output registered a 23% gain last year to nearly 700 million pounds. Aided by a broadening of markets from a new type of polyethylene, more rigid and heat-resistant than the original material, this is likely to be the first plastic to attain an annual volume of one billion pounds.

Synthetic Rubber and Synthetic Fibers

"Another growing market for petrochemicals is synthetic rubber, which accounted for 63% of the total consumption of new rubber in 1957 as compared with 43% in 1950 and virtually nothing prior to World War II. Automobile tires still constitute the major market for rubber, but new uses, such as conveyor belting and air-suspension systems for automobiles, are growing at a fast rate. Another strong area of petrochemical expansion has been in synthetic textile fibers. Synthetic noncellulosic fiber production has increased threefold in the last six years and now represents 10% 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 longer life and lower maintenance are attitudes which may be manufactured into the synthetic product.

Ammonia the Largest Volume Petrochemical

"Ammonia is by far the largest tonnage 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, where approximately 80% of output is consumed. Continued strong growth in ammonia seems assured considering the trend toward greater use of fertilizers and larger, more efficient farms. In addition, synthetic chemicals are converting wasteland to pasture through weed and brush killers, snuffing out garden weeds, fighting insect pests, helping to store and preserve important foodstuffs for transport to market, and controlling insect-borne diseases.

Research the Key to Vigorous Future Growth

"Petrochemicals are the base for many more rapidly growing products of the chemical industry, including propellants for aerosol sprays and products for the synthetic detergent and drug markets. Research expenditures in the synthetic chemical industry, which have increased at an average annual rate of 14% during the postwar period, now approach one-half billion dollars annually. Thus, as in the past, much of the growth anticipated for petrochemicals will come from a continued development of new products and new routes to old products. The impact of large research expenditures, the wide diversity of end uses and the continuing penetration into established areas all indicate that growth prospects remain excellent for the petrochemical industry."

Robert Morris Adds

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Norman E. Steinberg is with Robert S. Morris & Co., 100 Pearl Street.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Marine Natl. Exchange Bank of Milwaukee	97	†2.00	54	3.7
Market Basket (Los Ang.) — Retail market chain	19	†0.69	15¼	4.5
Marlin-Rockwell Corp. — Mfr. ball and roller bearings	34	1.25	18⅜	6.8
Marshall & Ilsley Bk. (Milw.)	20	1.85	71½	2.6
Marshall-Wells Co. — Manufactures and wholesales hardware and kindred lines	*13	11.00	230	4.8
Maryland Casualty Co. — Diversified insurance	10	1.50	29	5.2
Maryland Credit Finance Corp. — Auto financing	11	1.75	26	6.7
Maryland Shipbuilding & Drydock Co. — Ship construction, conversion, repairs and manufacturer of industrial products	24	†1.20	24	5.0
Maryland Trust Co. (Balti.)	23	†1.86	52	3.6
Massachusetts Bonding & Insurance Co. — Diversified insurance	22	1.60	28½	5.6
Massachusetts Protective Association, Inc. — Accident and health insurance	25	†1.50	63	2.4
Massachusetts Real Estate Co. — Real estate	23	4.50	108	4.2
Mastic Asphalt Corp. — Imprinted brick and insulating siding	20	0.30	4½	6.7
Mathews Conveyor Co. — Conveying equipment	12	1.00	30½	3.3
Matthiessen & Hegeler Zinc Co. — Producer of zinc, zinc products, sulphuric acid and ammonium sulphate	12	†0.97	32	3.0
Mayer (Oscar) & Co., Inc. — Meat processing	22	0.80	44	1.8
McCandless Corp. — Rubber goods	12	0.15	2½	6.0
McCloud River Lumber Co. — Western softwood lumber	23	4.00	58½	6.8
McCormick & Co. Inc. — Manufacturers & distributors of spices, extracts, tea, etc.	34	1.40	22	6.4
Meadville Telephone Co. — Operating public utility	34	1.75	24½	7.1

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

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Mechanical Handling Systems, Inc. Design, manufacture and installation of conveyors	22	0.30	5	6.0
Medford Corp. Lumber manufacturer	18	7.00	145	4.8
Mellon Natl. Bank & Trust	53	4.00	116	3.4
Melrose Hotel Co. Dallas residential hotel	24	2.00	37	5.4
Mercantile National Bank of Chicago	22	1.80	50	3.6
Mercantile Natl. Bk. (Dallas)	23	1.20	27½	4.4
Mercantile-Safe Deposit and Trust Co. (Baltimore)	91	4.25	95	45
Mercantile Trust (St. Louis)	57	2.55	58½	4.4
Merchandise National Bank of Chicago	24	1.00	30	3.3
Merchants Acceptance Corp. Small loans and general financing	21	1.80	23	7.8
Merchants Fire Assur. Corp.	46	2.00	47½	4.2
Merchants Fire Insurance Co. (Colorado) Fire and allied lines of insurance	49	0.60	12	5.0
Merchants and Manufacturers Insurance Co. of N. Y. Fire and allied lines of insurance	22	0.65	9⅛	7.1
Merchants National Bank of Boston	127	1.90	38½	4.9
Merchants National Bank in Chicago	19	1.50	42	3.6
Merchants National Bank of Mobile	56	3.25	81	4.0
Merchants National Bank & Trust Co. (Indianapolis)	*33	†0.74	35	2.1
Merchants National Bank & Trust Co. of Syracuse	18	1.52	38	4.0
Meredith Publishing Co. Publishing	29	1.90	30¼	6.3
Merrimack-Essex Co. (Mass.) A new company formed in August 1957 as a result of a merger of five electric subsidiaries of the New England Electric System. Stockholders of the five companies will receive new shares as follows: Amesbury Electric Light Co., 1⅝ shares for each share held. Essex County Electric Co., share for share. Haverhill Electric Co., 1⅞ shares for each share held. Lawrence Electric Co., 1¼ shares for each share held. Lowell Electric Light Corp., 2¼ shares for each share held.	a108	w1.32	19	6.9
Messenger Corp. Calendars (religious and commercial) and greeting cards	*23	0.50	9½	5.3
Metal Forming Corp. Mouldings and tubing	12	0.50	8	6.3
Metals & Controls Corporation Strip metal	19	0.80	27½	2.9
Metropolitan Storage Warehouse Co. General warehouse	27	2.75	29	9.5
Meyercord Co. Decalcomanias	17	0.50	6¼	8.0
Michigan Gas & Electric Co. Operating public utility	12	hh1.70	46½	3.7
Mich. Natl. Bank (Lansing)	17	1.00	56	1.8
Michigan Seamless Tube Co. Sheet tubing	19	1.50	23½	6.4
Middle States Telephone Co. of Illinois Operating public utility	19	0.90	17¾	5.1
Middlesex County Natl. Bank (Mass.)	22	2.40	48	5.0
Middlesex Water Co. Operating public utility	45	3.00	50	6.0
Midwest Rubber Reclaiming Mfrs. of reclaimed rubber	21	1.25	15	8.3
Miles Laboratories, Inc. Alka Seltzer	64	1.30	31½	4.1
Miller Mfg. Co. Tools for auto and engine repair	16	0.30	4⅛	7.3
Millers Falls Co. Tools	*21	1.00	13	7.7
Minneapolis Gas Co. Natural gas distributor	a39	1.40	25½	5.5
Mississippi Glass Co. Rolled glass, wire glass, etc.	11	2.00	32	6.3
Mississippi Shipping Co. Steamship operators	33	†1.12	16¾	6.7
Miss. Valley Barge Line Commercial carrier; freight on rivers	16	0.90	13¾	6.5
Mississippi Valley Public Service Co. Operating electric utility	24	1.40	25½	5.5
Missouri-Kansas Pipe Line Holding company	18	3.60	75½	4.8
Missouri Utilities Electricity and natural gas	16	1.36	21½	6.3
Mobile Gas Service Corp. Operating public utility	13	1.00	19	5.3
Mode O'Day Corp. Women's and children's apparel	11	1.00	14⅛	7.1

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
hh Company's dividend policy in recent years also includes payment of 3% stock dividend.
w New annual rate.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Mohawk Petroleum Corp. Oil production	13	2.20	27¾	7.9
Mohawk Rubber Co. Manufacturer of rubber products	16	†0.98	18¼	5.4
Monarch Life Insurance Life, accident & health insurance	26	0.50	34	1.5
Monarch Mills Sheetings and print cloths	24	0.75	23	3.3
Monroe Calculating Calculating and bookkeeping machines	24	1.31	53	2.5
Montana Flour Mills Co. Flour and feeds	18	1.00	26	3.8
Monumental Life Ins. (Balt.) Life insurance	30	1.40	72	1.9
Moore Drop Forging Co. Rough & machined drop forgings	24	0.90	11	8.2
Moore-Handley Hardware Hardware wholesaler	11	0.60	6	10.0
Morgan Engineering Co. Produces mills, cranes, etc.	11	†1.09	21½	5.1
Morgan (J. P.) & Co. Inc.	18	†9.29	240	3.9
Morris Plan Co. of California Thrift accounts, loans, time-sales financing	32	2.00	36	5.6
Morrison-Knudsen Co. Construction—heavy engineering	21	1.60	27¼	5.9
Mosinee Paper Mills Co. Sulphate pulp and paper	18	1.40	23½	6.0
Motor Finance Corp. Auto financing and insurance	33	4.00	102½	3.9
Murray Co. of Texas Cottonseed oil	13	1.25	19½	6.4
National Aluminate Corp. Water and petroleum treatments and industrial chemicals	30	1.20	29¾	4.0
National American Bank of New Orleans	*27	16.00	365	4.4
Natl. Bk. of Comm. (Houston)	19	3.00	106	2.8
National Bank of Commerce in Memphis	19	2.00	49	4.1
National Bank of Commerce in New Orleans	24	2.20	59	3.7
National Bank of Commerce of Norfolk	69	3.50	61	5.7
National Bank of Commerce of San Antonio	56	1.60	50	3.2
National Bank of Detroit	23	2.00	47	4.3
National Bank of Toledo (Ohio)	18	1.50	38	3.9
National Bank of Tulsa	14	1.00	37	2.7
National Bank of Washington (Tacoma)	52	2.00	45	4.4
National By-Products, Inc. Animal products	21	0.40	4½	8.9
National Casualty Co. Accident, health, casualty insur.	24	1.50	50	3.0
National Chemical & Mfg. Co. Paints and related products	19	1.00	17	5.9
Natl. City Bank of Cleveland	22	2.35	58½	4.0
National Commercial Bank & Trust Co. (Albany, N. Y.)	103	z†0.975	29	3.4
Natl. Fire Ins. Co. of Hartf'd Diversified insurance	88	1.95	64	3.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
z Plus one share Heartland Holding Corp. for each share held.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
National Food Products Corp. Holding company; chain food stores	18	1.10	21¼	5.2
National Life & Accident Insurance Co. Life, accident and health	*33	0.60	94	0.6
National Lock Co. Mortise locks	17	1.00	18½	5.4
National Newark & Essex Banking Co. (Newark)	153	3.00	51	5.9
National Oats Co. Cereals, animal feeds	32	0.60	10½	5.7
National Reserve Life Insurance Co. Participating & non-participating	15	0.80	117	0.7
National Screw & Mfg. Co. Screws, bolts and nuts	68	3.125	39	8.0
Natl. Shawmut Bk. (Boston)	*61	2.20	39⅛	5.6
National Shirt Shops of Del. Chain, men's furnishings	19	0.90	12	7.5
National State Bk. (Newark)	146	2.30	46½	4.9
National Tank Co. Manufactures and sells oil field equipment	11	1.40	23	6.1
National Terminals Corp. Midwest storage facilities	14	1.25	15¾	7.9
National Tool Co. Precision cutting tools	13	†0.29	3⅜	8.6
National Union Fire Insur. Diversified insurance	24	2.00	27	7.4
Nazareth Cement Co. Pennsylvania producer	13	2.00	24	8.3
Nekoosa-Edwards Paper Pulp and papers	17	d1.20	20½	--
New Amsterdam Casualty Diversified insurance	21	1.90	37¾	5.0
New Britain Gas Light Co. Public utility, gas	99	2.00	34	5.9
New Britain Machine Machine tools	22	2.40	22¼	10.8
New England Gas & Electric Association Owning investments in several operating utility companies	11	1.05	16½	6.4
New Hampshire Fire Ins. Diversified insurance	89	2.00	36½	5.5
New Haven Board & Carton Co. Paper board and folding boxes	13	0.45	7⅛	6.3
New Haven Gas Co. Operating public utility in Conn.	108	1.70	29½	5.8
New Haven Water Co. Operating public utility in Conn.	79	3.00	55	5.5
New York Fire Insurance Co. Fire and allied lines of insurance	25	1.50	24¾	6.1
New York Trust Co.	64	3.50	73¼	4.8
New Yorker Magazine Publishes "The New Yorker"	29	3.20	41½	7.7
Newport Electric Corp. Rhode Island utility	19	1.10	17¼	6.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
d Paid on old common. Stockholders received one share class A common, and one share class B common for each share of old common held.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Niagara Lower Arch Bridge Joint operator of Whirlpool Rapids Bridge	a101	2.00	55	3.6
Nicholson File Co. Manufactures files and rasps	85	1.30	20½	6.3
900 Michigan Ave., North, Corp. Chicago real estate	13	1.00	20	5.0
No-Sag Spring Co. Furniture and bedding springs	21	0.625	11	5.7
Norfolk County Trust Co. (Brookline, Mass.)	21	1.80	35	5.1
North American Refractories Fire brick & refractory materials	11	†1.93	28½	6.8
North & Judd Wide variety of hardware	93	2.00	27½	7.3
North River Insurance Co. Diversified insurance	120	1.40	33¼	4.2
North Shore Gas Co. (Ill.) Retail distributor of natural gas in Illinois	15	0.825	15½	5.3
Northeastern Ins. of Hartford Reinsurance	12	0.33	7½	4.4
Northern Engineering Works Cranes and hoists	*18	0.70	8½	8.2
Northern Indiana Pub. Serv. Electric and gas public utility	14	1.94	39⅝	4.9
Northern Insurance (N. Y.) Diversified insurance	*48	2.80	75	3.7
Northern Life Insurance Co. Life, accident and health	46	†1.50	110	1.4
Northern Ohio Telephone Co. Operating public utility	31	1.60	38½	4.2
Northern Oklahoma Gas Co. Operating public utility	22	1.00	15¼	6.6
Northern Trust (Chicago)	62	†10.81	368	2.9
Northwest Engineering Co., Class A Excavating machinery	22	2.50	37	6.8
Northwestern Fire & Marine Insurance Co. Fire and casualty insurance	48	1.00	32	3.1
Northwestern National Insurance Co. (Milwaukee) Fire, automobile and allied lines	85	2.25	67	3.4
Northwestern National Life Insurance Co. Life insurance	22	1.50	75	2.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Northwestern Public Service Electric and gas public utility	12	1.00	15⅛	6.6
Northwestern States Portland Cement Co. Iowa producer	25	†0.99	43	2.3
Noxzema Chemical Co., Cl. B Distributes "Noxzema" shaving cream and medicated cream	35	1.00	16	6.3
Noyes (Charles F.) Co. Real estate	15	6.00	52	11.5
Oakland Title Insurance Co. On Oct. 1, 1957 company was merged into California Pacific Title Insurance Co. on a share-for-share exchange basis Title insurance	*27	1.125	35½	3.2
Ohio Casualty Insurance Co. Diversified insurance	*32	0.54	19	2.8
Ohio Citizens Trust Co. (Toledo)	23	†1.45	40	3.6
Ohio Forge Machine Corp. Gears, speed reducers, etc.	22	3.50	38	9.2
Ohio Leather Co. Tannery	27	1.25	16¾	7.5
Ohio National Life Insurance Company Participating only	38	1.25	36½	3.4
Ohio State Life Insur. Co. Life, accident and health	*34	2.00	262½	0.8
Ohio Water Service Retails treated water; wholesales untreated	22	†1.48	25	5.9
Oilgear Co. Hydraulic machinery	*16	2.40	32	7.5
Old Ben Coal Corp. Marked coal	11	0.65	8½	7.6
Old Kent Bank and Michigan Trust Co. (Grand Rapids) Formerly Old Kent Bank	24	1.50	31¼	4.6
Old Line Life Insurance Co. of America Life, accident and health	*33	1.25	42	3.0
Old Republic Life Insurance Company Life, accident and health	*13	0.80	24	3.3
Olympia Brewing Co. Brewing	22	2.00	31½	6.3
Omaha National Bank	23	2.00	58½	3.4
Oneida, Ltd. Manufacture sterling, silverplate and stainless tableware	22	1.06	15¾	6.7
Onondaga Pottery Co. China tableware	15	1.20	20½	5.9
Opelika Manufacturing Corp. Towels and linens	*10	†0.79	13⅝	5.8

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Orange & Rockland Electric Company Consolidated Feb. 28, 1958 with Rockland Light and Power Co. to form Orange and Rockland Utilities, Inc. Operating public utility	51	1.00	30	3.3
Orange and Rockland Utilities, Inc. Formed Feb. 28, 1958 via consolidation of Orange and Rockland Co. and Rockland Light and Power Co.				
Orangeburg Manufacturing Co. Manufacture bituminized fibre pipe, conduit and underfloor	22	†1.14	20¾	5.5
Orpheum Building Co. San Francisco office-theatre bldg.	20	0.40	5½	7.3
Osborn Manufacturing Co. Manufacturers of industrial brushes and foundry machinery	19	1.35	23½	5.7

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Oshkosh B'Gosh Complete line of work clothing and matched sets	22	1.75	20	8.8
Otter Tail Power Co. Utility, Dakotas and Minnesota	20	1.60	25½	6.3
Pabst Brewing Well-known brewer	22	0.20	5	4.0
Pacific Car & Foundry Co. Makes railway cars	15	1.20	24	5.0
Pacific Insurance Co. of New York Formerly Pacific Fire Insurance (N. Y.). Name changed May 1957. Multiple line insurance	53	2.40	44½	5.4
Pacific Intermountain Exp. Motor freight; Western States	11	†0.79	10⅜	7.6
Pacific Lumber Co. Planning mill products	22	10.00	210	4.8
Pacific Natl. Bank of Seattle	30	1.00	27½	3.6
Pacific Power & Light Co. Electric operating utility	11	1.60	29⅛	5.5
Pacific Vegetable Oil Corp. Vegetable oil trading and manufacture	16	1.00	15½	6.5

† Adjusted for stock dividends, splits, etc.

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Now With Pressprich

(Special to The Financial Chronicle)

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

Joins L. F. Rothschild

(Special to The Financial Chronicle)

BOSTON, Mass. — Joseph B. 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

(Special to The Financial Chronicle)

BOSTON, Mass.—Lester A. King has become connected with Shearson, Hammill & Co., 75 Federal Street. He was formerly with du Pont, Homsey & Company.

With Dean Witter & Co.

(Special to The Financial Chronicle)

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

Two With Sideckas

(Special to The Financial Chronicle)

SHREWSBURY, Mass.—Renato F. Borci and Denis U. Gosselin have joined the staff of R. B. Sideckas & Co., 47 North Quinsigamond Avenue. Mr. Borci was previously with Gibbs & Co. Mr. Gosselin was with Coburn & Middlebrook, Incorporated.

Hemphill, Noyes Adds

(Special to The Financial Chronicle)

WORCESTER, Mass. — William N. Mitchell has been added to the staff of Hemphill, Noyes & Co., 340 Main Street. He was previously with H. L. Robbins & Co., Inc.

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 3⅞% sinking fund debentures, due April 1, 1983, at 99.60% and accrued interest, to yield 3.90% to maturity. This offering was quickly oversubscribed and the books closed.

The debentures are entitled to a sinking fund sufficient to retire $5,200,000 in each of the years 1960 through 1982, or 95.68% 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, 1963, 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.

Part of the proceeds from the sale of the new sinking fund debentures will be used to repay outstanding loans of $80,000,000 under a bank credit agreement; the balance of the proceeds will be used for capital outlays. The company's capital expenditures in the three-year period 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. Their principal operations include the mining and processing of bauxite, an aluminum-bearing ore; the production of alumina 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 $875,461,000 and net income to $75,568,000, compared with $869,785,000 and $89,621,000 for the year 1956.

With Wm. Ravetto

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Virgil Breen has become connected with William W. Ravetto & Co., 68 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. and in the Farmers National Bank Building, Deposit, N. Y. under the management of Harry M. Sheridan. Mr. Sheridan was formerly with Cosgrove, Whitehead and Gammack.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Package Machinery — Automatic wrapping machines	41	1.00	13½	7.4
Packard-Bell Electronics Co. — Radio, TV-electronics; garage door openers; hollow core doors	10	0.50	10½	4.8
Pacolet Manufacturing Co. — Fabrics	19	7.50	146	5.1
Panama Coca-Cola Bottling — Beverage bottling	*29	0.40	6⅝	6.0
Passaic-Clifton National Bk. & Trust Co. (Clifton, N. J.)	19	1.50	29	5.2
Paterson Parchm't Paper Co. — Vegetable parchment, waxed and custom made papers	67	†0.50	8	6.3
Pearl Brewing Co. — Beer producers	19	1.30	17¼	7.5
Peaslee-Gaulbert Corp. — Furniture and radio distribution	24	0.30	16	1.9
Peden Iron & Steel Co. — Hardware	21	2.05	42½	4.8
Pemco Corp. — Porcelain, enamel and ceramic frits and colors	*14	5.00	52	9.6
Pendleton Tool Industries, Inc. — Mechanics hand tools	20	†0.76	14½	5.2
Pennsylvania Engin'g Corp. — Steel mills; oil refineries; chemical plants	11	†1.02	21	4.9
Pennsylvania Gas Co. — Operating public utility in Pennsylvania and New York	79	1.20	25	4.8
Penobscot Chemical Fibre Co. Voting — Mfr. bleached soda and sulphite woodpulp	11	1.05	21	5.0
Peoples First National Bank & Trust Co. (Pittsburgh)	91	2.65	48	5.5
Peoples National Bank of Washington (Seattle)	23	1.50	65	2.3
Peoples Telephone Corp. — Telephone utilities	32	4.00	78	5.1
Pepsi-Cola General Bottlers, Inc. — Soft drinks	11	0.60	8⅝	7.0
Perkins Machine & Gear Co. — Precision gears	17	†1.00	12½	8.0
Permanente Cement Co. — Cement and gypsum products manufacturer	12	0.54	14¼	3.8
Permutit Co. — Merged in October 1957 with Pfaudler Co. to form Pfaudler-Permutit Inc.				
Personal Industrial Bankers, Inc. — Small loans	18	0.12	3	4.0
Peter Paul Co. — Popular candies	36	2.50	34¾	7.2
Petroleum Exploration — Producing crude petroleum and natural gas	39	3.25	50	6.5
Petrolite Corp. — Chemical compounds	27	2.75	80	3.4
Pettibone Mulliken — Railroad track equipment, forging and machinery	16	1.20	24	5.0
Pfaudler-Permutit Co. — Water softeners and corrosion resistant equipment	a21	b0.35	21½	--
Pheoll Manufacturing Co. — Manufacture metal fasteners	37	1.00	15½	6.5
Philadelphia Bourse — Exhibition and office building	22	1.50	47	3.2
Philadelphia National Bank	115	†1.77	32½	5.4
Philadelphia Suburban Transportation Co. — Operates street railway lines and motor buses under charter	18	†0.725	16	4.5
Philadelphia Suburban Water — Operating public utility	*19	†0.48	29½	1.6
Phoenix Insur. (Hartford) — Insurance carrier (except life)	85	3.00	54¼	5.5

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
b Initial dividend of 35c paid on Dec. 16, 1957.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Pickering Lumber Corp. — California, Louisiana and Texas holdings	10	0.55	7⅛	7.7
Pictorial Paper Package Corp. — Paper boxes	22	0.60	10½	5.7
Piedmont & Northern Ry. — Operates Diesel line in Carolinas	29	7.00	118	5.9
Pioneer Finance Co. — Financing company	20	0.205	6½	3.2
Pioneer Trust & Savings Bank (Chicago)	34	8.00	280	2.9
Pittsburgh Fairfax Corp. — Owning and operating apartment building	16	2.00	50	4.0
Plainfield-Union Water Co. — Operating public utility	45	3.00	50	6.0
Planters Nut & Chocolate — Peanut products	46	†2.45	56	4.4
Plymouth Cordage Co. — Manufacture of rope, harvest twines, twisted paper products	100	3.00	38½	7.8
Pope & Talbot, Inc. — West Coast lumber mills	*10	1.25	18½	6.8
Port Huron Sulphite & Paper — Lightweight papers	19	0.80	25	3.2
Porter (H. K.) Co. (Pa.) — Manufactures electrical equipment, industrial rubber products, steel and tool steel, copper and alloy metals, refractories, saws and tools, fittings, wire rope and related products	14	2.00	45	4.4
Porter (H. K.), Inc. (Mass.) — Mechanics' hand tools, bolt cutters, body and fender repair tools & equipment and hydraulic power tools	*20	†0.43	7	6.1
Portland Gas Light Co. — Operating public utility	14	0.50	9	5.6
Portland General Electric — Electric utility	12	1.20	21⅝	5.5
Portsmouth Steel Corp. — Owns substantial interests in Cleveland-Cliffs Iron Co., Detroit Steel Corp., and companies in related fields	11	0.86	11⅜	7.6

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

Continued on page 48

Halsey, Stuart Group Offers New England T. & T. 4% Debentures

Halsey, Stuart & Co. Inc. and associates on April 15 offered an issue of $45,000,000 New England Telephone & Telegraph Co. 35-year 4% debentures, due April 1, 1993, at 102.87% and accrued interest, to yield 3.85%. Award of the debentures was won by the underwriters at competitive sale April 14 on a bid of 102.22%.

Net proceeds from the financing will be used by the company to refund its 29-year 4¾% debentures, due Jan. 1, 1986, presently outstanding in the principal amount of $35,000,000 and which the company plans to call for redemption on May 19, 1958, at 106.388% of their principal amount. The balance of the proceeds from the sale of the new debentures will be applied toward repayment of advances from the parent organization, American Telephone & Telegraph Co.

The debentures are to be redeemable beginning April 1, 1963 at optional redemption prices ranging from 106.87% to par, plus accrued interest.

New England Telephone & Telegraph Co. is engaged in the business of furnishing communication services, mainly local and toll telephone service in Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. On Dec. 31, 1957, the company had 2,937,816 telephones in service. Other communication services furnished by the company include teletypewriter exchange service and services and facilities for private line teletypewriter use, for the transmission of radio and television programs and for other purposes.

At Dec. 31, 1957, the company reported capital stock equity of $392,406,318; funded debt of $250,000,000 and advances from the parent, A. T. & T. Co., $78,000,000. As of Dec. 31, 1952, capital stock equity was $253,050,793; funded debt, $155,000,000 and advances, $22,000,000.

For the year 1957, the company had total operating revenues of $324,198,323 and net income of $29,807,727.

Joins Overton Staff

(Special to The Financial Chronicle)

CORONADO, Calif.—Arthur L. Gallagher, Sr., has become connected with J. A. Overton & Co., 1134 Orange Avenue.

With H. C. Denison

(Special to The Financial Chronicle)

SHEBOYGAN, Wis.—Robert H. Biever is now connected with H. C. Denison Co., Security Bank Building.

With Ulmer-Joseph Co.

(Special to The Financial Chronicle)

CINCINNATI, Ohio—Donald C. Brown has become connected with Ulmer-Joseph Company, Mercantile Library Building. He was formerly with Clair S. Hall & Co.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Potash Co. of America Potash and oil interests	21	†1.78	23½	7.6
Pratt, Read & Co. Piano and organ keys	13	1.05	17½	6.0
Princeton Water Co. Operating public utility	50	4.00	80	5.0
Produce Terminal Cold Storage Co. Public cold storage warehouse	10	1.00	14	7.1
Progress Laundry Co. Laundry and dry cleaning	23	1.60	19	8.4
Providence Washington Ins. Multiple line insurance	52	0.50	12½	4.0
Provident Savings Bank & Trust Co. (Cincinnati)	54	1.75	34¼	5.1
Provident Trust Co. (Phila.) Merged in April 1957 with Tradesmen Bank & Trust Co. to form Provident Tradesmens Bank & Trust Co. (stockholders received 1¼ new shares for each old held).				
Provident Tradesmens Bank & Trust Co. (Phila.)	93	d2.32	42¼	5.5
Public Service Co. of N. H. Electric utility	21	1.00	16¼	6.2
Public Service Co. (N. Mex.) Public utility	12	0.77	16⅞	4.6
Publication Corp. vot. Owns rotogravure printing plants	22	3.00	34½	8.7
Punta Alegre Sugar Corp. Cuban holding company	13	3.00	13⅛	22.9
Purex Corp. Makes "Purex" and "Trend"	*16	†0.88	18⅝	4.7
Purolator Products Filters oil, gas and air	17	2.00	22¼	9.0
Queen Anne Candy Co. Bar and bulk candy	10	0.10	2⅛	4.7
Quincy Market Cold Storage Boston operation	16	†2.60	30	8.7
Ralston Purina Animal feeds, breakfast foods	24	†1.00	28	3.6
Real Estate Investment Trust of America A new company formed in June 1956 as a result of a merger of the Boston Ground Rent Trust, the Boston Real Estate Trust and the Western Real Estate Trustees Investment real estate	a72	0.90	10⅞	8.3
Red Owl Stores, Inc. Wholesale and retail food chain	25	1.40	30	4.7
Reece Corp. (Mass.) Makes button hole machines	76	1.10	14	7.9
Reed (C. A.) Co., class B Crepe paper	12	1.50	25¼	5.9
Reinsurance Corp. (N. Y.) Writes only reinsurance	21	0.50	11½	4.3
Reliance Varnish Co. Paints, varnishes and enamels	14	0.60	9	6.7
Republic Insurance (Dallas) Fire and casualty insurance	52	1.60	43	3.7
Republic National Bank of Dallas	38	†1.64	51½	3.2
Republic National Life Insurance Co. (Dallas)	12	0.20	36½	0.5
Republic Natural Gas Natural gas and oil producer	20	1.00	25½	3.9
Republic Supply Co. of California Suppliers and distributors of oil-well and industrial supplies	37	1.00	12¼	8.2
Resistance Welder Corp. High production welding machines	11	0.15	5	3.0
Revere Racing Assn. Dog racing, near Boston	16	0.60	6⅜	9.4
Rhode Island Hospital Trust	91	4.00	87	4.6
Richardson Co. Manufacturers of rubber and plastic industrial products	26	1.00	12¼	8.2
Rich's, Inc. Operates Atlanta department store	29	0.725	14	5.2
Riegel Textile Corp. Wide line textile products	20	1.40	19	7.4
Rieke Metal Products Corp. Heavy metal stampings	21	1.25	14	8.9
Rike-Kumler Co. Dayton department store	44	†1.46	35	4.2
Riley Stoker Corp. Power steam generators	19	1.00	21¼	4.7
Risdon Manufacturing Co. Small metal stampings	41	4.00	72	5.6
River Brand Rice Mills Leading rice miller and packager	a25	1.20	13	9.2
Roanoke Gas Co. Public utility. Distributes natural gas	14	0.80	15½	5.2
Robertson (H. H.) Co. Manufacturers of construction materials	22	†3.09	57½	5.4
Rochester American Insurance Co. Diversified insurance	29	1.60	29	5.5
Rochester Button Co. Buttons	21	1.00	13½	7.4
Rochester Telephone Corp. Operating public utility	15	100	17⅛	5.8
Rock of Ages Corp. Granite quarrying and mfg.	18	1.00	15½	6.5

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
d Annual rate.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Rockland-Atlas Natl. Bank of Boston	94	1.70	32	5.3
Rockland Light & Power Co. Joined with Orange and Rockland Electric Co. on Feb. 28, 1958 to form Orange and Rockland Utilities, Inc. Hudson west shore electric supplier	*44	0.825	19¾	4.2
Rockwell Mfg. Co. Meters, valves, power tools and parking meters	19	2.20	34¼	6.4

* Details not complete as to possible longer record.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Roddis Plywood Corp. Manufacture and distribution of plywood doors and lumber	14	†0.44	7¾	5.7
Rose's 5, 10 & 25c Stores, Inc. Operates 145 stores in the South	28	1.15	22	5.2
Ross Gear & Tool Co. Inc. Manufacturers of steering gears	30	1.50	24	6.3
Rothmoor Corp. Women's coats and suits	10	0.40	3½	11.4
Royal Dutch Petroleum (NY) Affiliated with producers of many nations	11	2.81	64¼	4.4
Royalties Management Corp. Oil and gas royalty interests	15	0.25	4	6.3
Saco-Lowell Shops Manufactures textile machinery and other metal products.	20	1.00	9⅞	10.1
Safety Industries, Inc. Supplies the following markets: general industrial, food, chemical and railroad	27	c0.75	21	3.6
Safway Steel Products, Inc. Manufactures steel scaffolding, grand stands and bleachers	21	1.00	13¼	7.5
Sagamore Mfg. Co. Sateens, broadcloths, twills	22	8.00	80	10.0
St. Croix Paper Co. Maine producers	38	1.25	21⅜	5.8
St. Joseph Stock Yards Co. Livestock	59	7.00	55	12.7
St. Paul Fire & Marine Insur. Fire and casualty insurance	86	†1.08	44½	2.4
St. Paul Union Stockyards Minnesota operator	42	1.60	19	8.4
San Antonio Transit Co. Intra-city busses	14	0.60	10	6.0
San Francisco Brewing Corp. Name changed in January, 1957, to Burgermeister Brewing Corp.				
San Jose Water Works Public utility (water)	27	2.40	44½	5.4
San Miguel Brewery, Inc. (Philippines) Beer and dairy products	*10	1.20	11	10.9
Sanborn Map Co. Fire insurance & real estate maps	81	3.50	39	9.0
Sargent & Co. Hardware, locks and tools.	15	1.00	16½	6.1
Savannah Sugar Refining Georgia operator	34	5.00	90	5.6
Schenectady Trust Co. (N.Y.)	54	2.00	57½	3.5
Schlage Lock Co. Locks and builders' hardware	18	†0.97	26	3.7
Schuster (Ed.) & Co. Three Milwaukee dept. stores	*16	1.00	13¾	7.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
c Plus two shares Vapor Heating Corp. for each 100 shares held. Cash equivalent of this asset dividend is 84 cents per share on Safety Industries. This, added to 75 cents per share shown above, brings total to $1.59, for a yield of 7.6%.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Scott & Fetzer Co. Vacuum cleaner attachments	11	†1.60	19¼	8.3
Scott & Williams, Inc. Builds knitting machinery	42	†2.025	29¼	6.9
Scranton Lace Co. Lace curtains and table covers	*42	0.15	17⅝	0.9
Scruggs-Vandervoort-Barney Department stores; St. Louis, Kansas City, Denver	18	0.60	10	6.0
Seaboard Surety Co. Diversified insurance	23	2.40	61	3.9
Searle (G. D.) & Co. Pharmaceuticals	23	1.05	37¾	2.8
Sears Bank & Trust Co. (Chicago)	18	2.40	72	3.3
Sears-Community State Bank (Chicago) Name changed to Sears Bank & Trust Co. in January 1957				
Seatrain Lines Transports freight cars by ships	*17	0.50	8⅛	6.2
Second Bank-State St. Tr. Co.	39	3.00	62	4.8
Second National Bank of Saginaw	80	2.50	73	3.4

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Securities Acceptance Corp. Instalment financing and personal loans	24	0.40	7¾	5.2
Security-First National Bank (Los Angeles)	77	1.60	40	4.0
Security Insurance Co. of New Haven	64	†0.58	21¾	2.7
Security National Bank of Greensboro (N. C.)	22	†1.20	23½	5.1
Security Title Insurance Co. Title insurance	11	1.00	16¾	6.0
Security Trust Co. of Rochester	65	†1.98	45	4.4
Seismograph Service Corp. Surveys for oil and gas industries	22	†0.58	10	5.8
Selected Risks Insurance Co. Diversified insurance Formerly Selected Risks Indemnity Co. to Dec. 1957.	*25	1.20	34	3.5
Seven-Up Bottling Co. (St. Louis) Bottler of carbonated beverages	20	0.60	8½	7.1

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

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Two With A. G. Edwards

(Special to The Financial Chronicle)

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

With Ill. Mid Continent

(Special to The Financial Chronicle)

CHICAGO, Ill. — Burton R. Abrahams, Charles K. Alsip, Frank A. Gamble, John H. Goddard, Willard L. Hemsworth, Richard A. Hoyerman, Charles J. Malin, Roy R. Sandberg and Alice Tangalos are now with Illinois Mid Continent Investment Co., 676 St. Clair Street.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Shakespeare Co. Fishing reels, rods and lines	20	1.50	20	7.5
Shaler Co. Vulcanizers	22	1.15	12	9.6
Shepard Niles Crane & Hoist Electric cranes and hoists	23	2.00	21	9.5
Sherer-Gillett Co. Manufacturer commercial refrigeration	13	†0.19	2½	7.6
Shuron Optical Co. General line of ophthalmic goods On March 20, 1958 stockholders approved sale of business and virtually all assets to Reading Briquet Co., subsidiary of Philadelphia & Reading Corp., and change of name to First Geneva Corp. Simultaneously, the aforementioned subsidiary was renamed Shuron Optical Co., Inc.	22	†1.38	32	4.3
Sibley, Lindsay & Curr Co. Rochester, N. Y. department store	12	1.60	25	6.4
Sick's Ranier Brewing Co. Formerly Sick's Seattle Brewing & Malting Co. Name changed April 1957. "Ranier" and "Brew 66" beer	21	0.20	2⅞	7.0
Sierra Pacific Power Operating public utility	32	1.20	24½	4.9
Sioux City Stock Yards Iowa livestock market	54	2.00	30¾	6.5
Sivyer Steel Casting Co. Castings	22	†1.43	24	6.0
Skil Corp. Portable tools	21	1.55	19	8.2
Smith-Alsop Paint & Varnish Co. Paints and varnishes	10	1.55	24¼	6.4
Smith Engineering Works Mining machinery	11	2.50	66	3.8
Smith (J. Hungerford) Co. Manufacturer of soda fountain & ice cream fruits and flavors	35	2.75	39	7.0
Smith (S. Morgan) Co. Heavy manufacturing, hydraulic turbines and valves	60	1.20	21	5.7
Snap-On Tools Corp. Manufacture and distribution of mechanics' hand service tools and related items	19	†1.40	24½	5.7
Sonoco Products Co. Paper and paper products	33	1.00	24¾	4.0
South Atlantic Gas Co. Operating public utility	13	0.80	11¾	6.8
South Carolina National Bk. (Charleston)	22	2.50	48½	5.2
Southdown Sugars, Inc. Operates Louisiana sugar plantation	10	0.45	32	1.4
Southeastern Public Service Natural gas supplier	10	†0.77	9¼	8.3
Southeastern Telephone Co. Operating public utility	18	†0.84	15½	5.4
Southern Bakeries Co. Southeastern baker	22	†0.87	16½	5.3
So. California Water Co. Water, electric and ice interests, Operating company	30	0.85	14½	5.9
Southern Colorado Power Electricity supplier	14	0.725	13	5.6
Southern Fire & Casualty Co. Diversified insurance	17	†0.23	6¼	3.7
So. New England Tel. Co. Communications services	67	2.00	33⅝	5.9

† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Southern Union Gas Co. Natural gas production and distribution	15	1.12	23¼	4.8
Southern Weaving Co. Narrow fabrics, tapes and webbings	31	3.00	50	6.0
Southland Life Insurance Co. Life, health and accident insurance	23	1.35	70	1.9
Southwest Natural Gas Co. Southern natural gas supplier	11	0.20	3⅛	6.4
Southwestern Drug Corp. Wholesale drugs	16	†2.14	40	5.4
SOUTHWESTERN ELEC. SERVICE Electricity supplier	13	1.18	19½	6.1
● See Company's advertisement on page 58.				
Southwestern Investment Co. Sales, financing and personal loans	22	†0.51	13½	3.8
Southwestern Life Insur. Co. Non-participating life	49	1.80	96	1.9
Southwestern States Tel. Co. Operating public utility	12	1.20	19	6.3
Speer Carbon Co. Carbon, graphite and electronic products	25	1.50	22	6.8
Spindale Mills, Inc. Yarn shirtings and dress goods	13	1.00	13	7.7
Spokane International Railroad Co. Northwestern carrier	16	1.50	25	6.0
Sprague Electric Co. Electronic components	18	1.20	23¼	5.2
Springfield F. & M. Ins. Co. Multiple line insurance	91	2.00	36¼	5.5
Springfield Gas Light Co. Massachusetts operating utility	105	2.60	40¾	6.4
Staley (A. E.) Mfg. Co. Processes corn and soy beans	23	†1.32	24⅛	5.5
Stamford Water Co. Operating public utility	62	1.80	28½	6.3
Standard Accident Insurance Co. (Detroit) Casualty, bonding and fire and marine insurance	18	2.00	43½	4.6
Standard-Coosa Thatcher Co. Yarns and threads	36	1.00	10	10.0
Standard Fire Insurance Co. of New Jersey Diversified insurance	89	2.50	55	4.5
Standard Screw Co. Screws and screw machine products	53	4.00	54	7.4
Standard-Toch Chemicals, Inc. Varnishes and lacquers	11	0.14	3¾	3.7
Stange (Wm. J.) Co. Food colorings and seasonings	12	0.65	11½	5.7
Stanley Home Products, Inc. (Voting) Manufactures and sells brushes, waxes, polishers, and personal toiletries	15	2.25	28	8.0
Stanley Works Hardware for building trades, etc.	82	2.70	35	7.7
State Bank of Albany	155	1.60	42	3.9
State Loan & Finance Corp. Cl. A Loans and finance business, Southern states	28	0.95	15⅝	6.1
State Natl. Bank of El Paso	77	6.00	275	2.2
State Planters Bank of Commerce & Trs. (Richmond, Va.)	*36	2.30	59½	3.9
Stearns Manufacturing Co. Manufactures concrete block making equipt. and associated items	22	0.10	3	3.3
Stecher-Traung Lithograph Corp. Labels, packets and boxes	19	1.85	22	8.4

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Stern & Stern Textiles, Inc. Silk, rayon and nylon fabrics	10	0.70	9	7.8
Stonecutter Mills Corp., Cl. B Dies and fabrics	16	0.20	4¾	4.2
Stonega Coke & Coal Co. Coal and lumber	18	†1.30	17	7.6
Stouffer Corp. Restaurant chain	22	†0.38	10⅞	3.5
Strathmore Paper Co. Manufactures fine printing papers, artists' papers and technical papers	15	ma1.25	32	3.9
Strawbridge & Clothier Large Philadelphia department store	11	†0.99	17½	5.7
Struthers Wells Corp. Fabricated metal products; chemical and refinery equipment	14	1.60	18½	8.6
Stuyvesant Insurance Co. Auto and marine insurance	10	0.50	30¼	1.7
Suburban Propane Gas Corp. Propane gas distributor	12	1.15	11⅜	10.1
Sun Life Assurance Life. Also large annuity business	21	4.70	218	2.2
Super Valu Stores, Inc. Wholesale food distributor	22	1.55	33½	4.6
Swan Rubber Co. Manufactures hose (rubber and plastic) small tires	22	1.10	17	6.5
Syracuse Transit Corp. Local bus operator	16	2.00	18½	10.8
Tampax, Inc. Miscellaneous cotton products	15	1.90	47	4.0
Tappan Co. Formerly Tappan Stove Co. to November 1957. Gas ranges	*23	2.00	23	8.7

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Taylor-Colquitt Co. Railroad ties and poles	31	2.00	28½	7.0
Taylor & Fenn Co. Grey iron alloy castings	52	0.80	12½	6.4
Taylor Instrument Cos. Mfr. of scientific instruments	57	bb1.04	29	3.5
Tecumseh Products Corp. Refrigeration compressors, etc.	18	†2.25	47	4.8
Tenn., Ala. & Georgia Ry. Co. Railroad common carrier	20	1.00	13½	7.4
Terre Haute Malleable & Manufacturing Corp. Iron castings	22	0.80	12½	6.4
Terry Steam Turbine Co. Turbines and reduction gears	*50	11.00	164	6.7
Texas Natl. Bank (Houston)	*34	†2.42	56	4.3
Textiles, Inc. Makes cotton yarn	17	1.00	11¼	8.9
Thalhimer Brothers, Inc. Richmond department store	*12	0.60	8¾	6.9
Third Natl. Bank in Nashville	29	10.00	375	2.7
Third National Bank & Trust Co. (Dayton, Ohio)	96	1.25	35	3.6
Third National Bank & Trust Co. of Springfield (Mass.)	93	†1.92	38	5.1
Thomaston Mills Wide range of cotton products	*17	1.25	20	6.3
Thompson (H. I.) Fiber Glass Fiber glass, fabricators Hi Temp insulation, fiberglass reinforced plastic parts	11	†0.52	25½	2.0
Thomson Electric Welder Co. Electric welding machines	12	2.00	24	8.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
bb Adjusted. Common stock was split 2-for-1 in 1957. Current dividend on new stock is 30 cents per share or at $1.20 annual rate.
ma Plus 3% stock dividend.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
300 Adams Building, Inc. — Chicago office building	23	3.00	48	6.3
Thrifty Drug Stores — California drug store chain	21	0.85	16¾	5.1
Time Finance Co. (Ky.) — Consumer finance—personal loans	22	ra0.40	18	2.2
Time, Inc. — Publishers of "Life," "Time," "Fortune" & "Sports Illustrated"	27	3.75	52¾	7.1
Timely Clothes, Inc. — Men's suits, coats, etc.	17	1.00	13	7.7
Tinnerman Products, Inc. — "Speed Nuts"	*12	2.10	25	8.4
Titan Metal Mfg. Co. — Brass and bronze rods	15	0.70	17	4.1
Title Insurance Co. of Minnesota — Title Insurance	a50	2.15	51	4.2
Title Insurance Corp. of St. Louis — Title insurance	31	1.80	28	6.4
Title Insurance & Trust Co. (Los Angeles) — Title insurance	28	1.50	25¼	5.9
Tobin Packing Co. — Meat packer	16	1.00	15	6.7
Tokheim Corp. — Gasoline pumps	26	1.40	21¾	6.4
Toledo Trust Co.	24	†2.73	100	2.7
Toro Manufacturing Corp. — Power lawn mowers and stationary power tools	11	1.05	19	5.5
Torrington Mfg. Co. — Manufactures machinery, blower wheels and fan blades	23	1.00	15½	6.5
Towle Mfg. Co. — Sterling silver tableware	41	2.00	24	8.3
Towmotor Corp. — Fork-lift truck	13	1.40	16	8.8
Townsend Co. — Wire products	52	0.70	20	3.5
Travelers Ins. Co. (Hartford) — Life, accident, health	92	1.10	72⅝	1.5
Trico Products Corp. — Manufacturers of automotive equipment	30	3.00	44½	6.7
Trinity Universal Insurance Company — Diversified insurance	21	2.00	51	3.9
Troxel Manufacturing Co. — Bicycle saddles	15	0.75	9	8.3
Trust Co. of Georgia	28	22.00	610	3.6
Tucson Gas Elec. Lt. & Pwr. — Electric and gas utility	40	1.40	31	4.5
Twin City Fire Insurance Co. — Diversified insurance	32	0.60	18	3.3
Twin Disc Clutch Co. — Clutches and gears	24	4.00	100	4.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
ra Plus 50% stock dividend on Aug. 1, 1957.

Continued on page 52

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 securities business. Officers are Douglas K. Porteous, President, Wayne R. Benzing, Vice-President and Charles M. Dougherty, Secretary-Treasurer. Mr. Porteous is President of Pennsylvania Funds Corporation, with which Mr. Dougherty is also associated. Mr. Benzing was formerly with Gammack & Co., Granbery, Marache & Co. and Fund Research and Management Co.

Douglas K. Porteous

Forms M. B. Gary Co.

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

With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Paul C. Delzell is now with Dean Witter & Co., Equitable Building. He was formerly with Blyth & Co., Inc.

Joins Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

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

With Coburn, Middlebrook

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—George J. Wells has become affiliated with Coburn & Middlebrook, Incorporated, 100 Trumbull Street.

Pension Planning Seminars Announced

The Pension Planning Company, 625 Madison Avenue, New York City, 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 9; in Newark, on Thursday, May 15; in Philadelphia, May 16.

Further information may be obtained from Meyer M. Goldstein, executive director of the pension planning company.

Twin City Inv. Women To Hear on Real Estate

ST. PAUL, Minn. — The Twin City Investment Women's Club will hold a dinner meeting on May 21 at the Town and Country Club in St. Paul. Ray Jambor will address the group on "Real Estate as an Investment."

Joins Leavitt, Spooner

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Jay M. Finn is now affiliated with Leavitt, Spooner & Company, 585 Boylston Street, members of the New York Stock Exchange. He was formerly with Wall Street Planning Corporation.

Joins Hill Richards

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Van Duyn Ridgway has been added to the staff of Hill Richards & Co., Bank of America Building.

CORRECTION

In the "Chronicle" of April 10 it was indicated that Robert B. Calvert had become associated with Coburn & Middlebrook, Inc. This was in error. Mr. Calvert is now with Cooley & Company, 100 Pearl Street, Hartford, members of the New York Stock Exchange.

Joins Francoeur Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Ralph W. Tibbils is now connected with Francoeur & Company, Inc., 39 South La Salle Street.

With W. E. Hutton & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—David G. Williams is now with W. E. Hutton & Co., 75 Federal Street.

E. F. Hutton Adds

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — Audley N. Coelho has joined the staff of E. F. Hutton & Company, 1035 Van Ness Avenue. He was formerly with Francis I. du Pont & Co.

With Eastman Dillon

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Samuel B. Morrison has become affiliated with Eastman Dillon, Union Securities & Co., 3115 Wilshire Boulevard. He was previously with Dean Witter & Co.

Joins Evans MacCormack

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Henry D. Persons has joined the staff of Evans MacCormack & Co., 453 South Spring Street, members of the Pacific Coast Stock Exchange.

Study Sees Financing Needs Near Peak

Interest rates can be expected to drop somewhat below current levels is the principal conclusion of "The Investment Outlook for 1958" study prepared by Bankers Trust Co. under the tutelage of Dr. Reierson. The Bank's prognosis is based on 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 downtrend, 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 Company, New York. The study is prepared each year by the Economics Department of the bank under the director of Dr. Roy L. Reierson, Vice-President and Chief Economist.

Roy L. Reierson

Total requirements for investment capital by corporations, real estate and municipalities reached a peak in 1957 and are expected to decline only slightly 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 new issues. For the year as a whole, the Bankers Trust report estimates aggregate requirements for such investment funds at $25 billion, compared with $26.3 billion in 1957.

New Records for State and Local Government Borrowings

State and local government financing spurted 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 volume. Consequently, the net debt of state and local governments is estimated to rise by $5 billion in 1958, compared with $4½ 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 believes, the successive liberalization of FHA and VA terms may become a significant factor later in the year. However, the study cautions that it still remains to be seen how much buying interest may be rekindled by easier financing conditions under the current situation of reduced employment and increased uncertainty regarding the economic future. Consequently, the bank foresees only a nominal rise in mortgage financing for 1958. After declining from $16.2 billion in 1955 to $11.6 billion in 1957, the net increase in mortgage debt outstanding is estimated at about $12½ billion in 1958.

Corporate Offerings to Decline

Corporate requirements for long-term funds will decline in 1958, the report points out, partly because of lower spending on plant and equipment, and partly because of reduced requirements for working capital. However, the supply of funds from internal sources is also expected to be somewhat below a year ago, on balance because of the decidedly poorer profits outlook. Also, the more favorable borrowing terms are encouraging refunding of short-term debt and the replenishment, where necessary, of working capital.

Weighing these various factors, the Bankers Trust study estimates the volume of corporate net new issues at $7½ billion for 1958, which would be about one-fourth less than the banner year 1957, but this would still make 1958 the second highest year on record. Since the volume of new corporate security offerings has remained high so far this year, 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 show some increase in 1958. Although reduced corporate profits could retard the growth rate of corporate pension funds, rising employment and pay by state and local governments will, it is anticipated, result in increased expansion of public retirement funds. Also, the inflow of funds to mutual savings banks and savings and loan associations has recently picked up; since their investments are either largely or almost wholly in mortgages, they are able to offer a better return than their competitors. In addition, the growth of life insurance company assets which has slowed down since 1954 may improve.

On balance, the report suggests an important narrowing of the gap between the savings flow and long-term financing requirements.

Market Pressures to Ease

The net of these forces obviously points to significantly lower interest rates in 1958 than in 1957, the report points out. However, rates and yields have already dropped so sharply from their 1957 peaks 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 retraced under the impact of a sustained huge volume of corporate new issues, reflecting partly the refunding of bank debts. If this flood of new issues should taper off, as the Bankers Trust projections assume, the pressures of demand in the capital markets will ease, and bond yields will move to somewhat lower levels.

With Grant, Fontaine

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Charles B. Warren has become affiliated with Grant, Fontaine & Co., 360 Twenty-first Street. He was formerly with Sutro & Co.

Frank Knowlton Adds

(Special to THE FINANCIAL CHRONICLE)

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

Continued from page 51

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
220 Bagley Corp. Theatre and office building	11	1.00	38	2.6
Tyer Rubber Co. Manufacturers of rubber goods	21	0.90	13	6.9
Tyler Refrigeration Corp. Commercial refrigerators	21	0.75	10½	7.1
Uarco, Inc. Business stationery	26	2.60	50	5.2
Union Bank (Los Angeles)	41	1.60	39¾	4.0
Union Commerce Bank (Cleveland)	15	2.00	37½	5.4
Union Gas System, Inc. Natural gas utility	11	1.32	24¾	5.3
Union Lumber Co. California redwood	10	1.25	40	3.1
Union Manufacturing Co. Chucks, hoists, and castings	18	1.00	14½	6.9
Union Metal Manufacturing Co. Power distribution poles	20	3.00	54	5.6
Union Natl. Bank in Pittsburgh	*33	1.40	37	3.8
Union Natl. Bank of Youngstown, Ohio	21	2.50	70	3.6
Union Oil and Gas Corp. of Louisiana, class B Crude oil and natural gas production	53	0.80	45	1.8
Union Planters National Bank of Memphis	28	1.70	41½	4.1
Union Trust Co. of Maryland	19	2.00	39½	5.1
United Drill & Tool Perishable metal cutting tools, hard service tools, such as wrenches, and commercial drop forgings	17	†0.85	14½	5.9
United Illuminating Co. Connecticut operating utility	58	1.35	23⅜	5.8
United Printers & Publ., Inc. Greeting cards	19	0.30	6¾	4.4
United States Cold Storage Corp. Car-icing, ice, etc.	16	2.40	26	9.2
U. S. Envelope Co. Manufacturer of envelopes, paper cups and other paper products	19	1.20	20⅜	5.9
U. S. Fidelity & Guaranty Co. Diversified insurance	19	2.00	56½	3.5
U. S. Fire Insurance Co. Diversified insurance	*48	1.00	23½	4.3
United States Loan Society Pawnbroking	51	0.90	12	7.5
U. S. Lumber Co. Holding company, land and mineral interests	*50	0.35	3⅜	10.4
United States National Bank of Denver	34	2.125	51	4.2
U. S. Natl. Bank (Portland)	59	2.60	59½	4.4
U. S. Radium Corp. Phosphors, industrial radiation sources, dials, panels and name-plates	14	0.45	11½	3.9
U. S. Realty & Investment Co. Real estate	17	1.25	24	5.2
United States Testing Co. Research and tests textiles, soaps, oils	23	0.20	10	2.0
U. S. Truck Lines (Del.) Inter-city motor carrier	26	1.60	19½	8.2
U. S. Trust Co. (N. Y.)	104	3.20	59¼	5.4
United Steel & Wire Co. Wire and metal specialties	21	0.30	4½	6.7
United Utilities, Inc. Holding company	19	1.25	21¼	5.9
Universal Match Co. Matches and candy	20	†1.43	24½	5.8
Univis Lens Co. Manufacturer and distributor of multifocal opthalmic lens blanks and eye glass frames	30	0.10	3⅝	2.8
Upper Peninsula Power Electric public utility	10	1.60	24¾	6.5
UPSON (THE) CO. Exterior and interior fibre wall-board	17	1.20	13	9.2

● See Company's advertisement on page 42.

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

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Upson-Walton (The) Co. Manufactures wire rope, tackle blocks and rope fittings	24	0.80	10	8.0
Utah Home Fire Insurance Company Disaster insurance	*24	1.00	21	4.8
Utah Southern Oil Co. Oil and gas producer	10	0.65	15	4.3
Valley Mould & Iron Corp. Ingot moulds and stools	22	3.00	33	9.1
Valley National Bank of Phoenix	25	1.00	29½	3.4
Vanity Fair Mills Lingerie	*10	1.05	15	7.0
Vapor Heating Corp. Car heating systems	24	3.00	43	7.0
Veedor-Root, Inc. Makes counting devices	24	2.50	39	6.4
Velvet Freeze, Inc. Ice cream	11	0.30	2	15.0
Victoria Bondholders Corp. New York City real estate	22	25.00	650	3.8
Viking Pump Co. Rotary pumps	24	1.40	24	5.8
Virginia Coal & Iron Co. Owns soft coal land in Virginia and Kentucky	*42	6.00	82	7.3
Vlchek Tool Co. Tools and plastics	23	0.20	7½	2.7
Volunteer State Life Insurance Co. Non-participating only	15	0.60	47	1.3
Vulcan Mold & Iron Co. Ingot moulds and plugs	24	†0.48	8¾	5.5
Wachovia Bank & Trust (Winston-Salem)	22	†0.35	15½	2.3
Walker Manufacturing Co. of Wisconsin Auto parts	12	†1.09	35	3.1
Walnut Apartments Corp. Owning and operating apartment house in Philadelphia	11	2.50	43	5.8
Warehouse & Terminals Corp. Warehouses and outdoor storage	12	0.12	2	6.0
Warner Co. Sand, gravel, lime and concrete	12	†1.96	35	5.6
Warren Bros. Co. Paving contractors	15	2.00	30½	6.6
Warren (S. D.) Co. Printing papers & allied products	22	1.40	26¼	5.3
Washburn Wire Co. Wire and springs	19	2.00	24	8.3
Washington National Insurance Co. (Evanston, Ill.) Life, accident and health	35	0.70	68	1.0
Washington Oil Co. Crude oil and gas producer	33	2.25	24	9.4
Washington Steel Corp. Producer of Micro Rold stainless steel and strip	10	1.25	15¾	7.9
Waterbury-Farrel Foundry Makes metal working machinery	78	2.00	31	6.5
Watson-Standard Co. Manufacturer of paints, varnishes, industrial coatings, chemical compounds, and distributor of flat glass	23	0.80	14	5.7
Wells-Gardner Co. Electronic manufacturer	13	0.40	6	6.7
Welsbach Corp., class B Maintenance and installation of street lighting systems	11	†0.425	7½	5.7

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

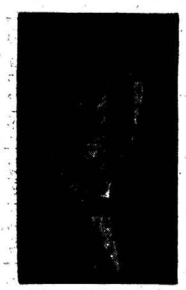
Continued on page 54

Curing Depressions by "Gadgets and Gimmicks"

By ROGER W. BABSON

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. Babson criticizes "panicky Congressmen" 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 panicky and rushing headlong. Only they are looking for a way to "get in," rather than to "get out"!



Roger W. Babson

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. I have roughly completed statistics for the number of families today without a wage earner compared with previous years. Although 5% or more persons may be unemployed, my estimate is that less than 1% of the families today are without wage earners. Is this a depression?

What About the Cures?

Before the Franklin Roosevelt era, every 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) unprincipled labor leaders; that these five fundamental evils resulted in a business decline with increasing unemployment until the nation had a "spiritual awakening." Then those evils were replaced by (1) efficiency, (2) thrift, (3) honesty, (4) lower living costs, and (5) reasonable labor leaders, and prosperity returned.

To bring us out of the last Great Depression, various quack "medicines, pills, and plasters" were used. Among these gimmicks let me mention unemployment insurance, veterans' payments, Federal building loans, old age pensions, minimum wages, unsound taxes on business, unfair labor legislation, farm price supports, and finally the NRA fixing of retail prices. This last was declared unconstitutional by the U. S. Supreme Court, and the house of cards collapsed. Then business again improved and we soon entered another period of prosperity. No Congressman knows yet whether the "New Deal" or the Supreme Court Decision created the new prosperity; but we do know it was at the expense of our dollar value, which declined to 50 cents.

Most Congressmen Are Now Too Hasty

From recent interviews with Washington officials, these men seem very confused. I point out to them that the present recession has occurred notwithstanding the fact that practically all the above New Deal "remedies" are still in force. If they worked in the "30's," why have they not already prevented this business recession? The Congressmen up for election are unable to answer this question. Yet, they want these gimmicks increased and others added. They want more synthetic "cures" put into effect at once, with a cut in taxes added. Never before has such an economic panic existed in Washington, arising in so short a time with such little definite leadership. I believe President Eisenhower feels in his heart as most economists do, but that he is not a free man. I wish—when reading his Bible—he would seriously note the 14th Chapter of First Carinthians, the eighth verse.

Now to conclude my little sermon: The truth is that no one knows whether these proposed "cures" will bring back prosperity or not; you, my readers, know as much about that as anyone. But we do know that further devaluation of the dollar will follow. During the 180 years of U. S. history, the New Deal "cures" have never before been applied so early in a depression or recession. Therefore, increasing them now cannot logically be based upon any previous tests. Furthermore, if these panicky Congressmen were not running for office, they would not now be calling for pain removers, plasters, and tranquilizers. Finally, let us all remember that even today, with the "terrible unemployment," less than 1% of our families are without a wage earner.

With J. A. Hogle Co.

(Special to The Financial Chronicle)

SAN DIEGO, Calif.—Richard F. Beck, Jr. is now with J. A. Hogle & Co., 1030 Sixth Avenue.

Joins Davis, Skaggs

(Special to The Financial Chronicle)

SAN FRANCISCO, Cal.—Richard L. Kehne, Jr. has joined the staff of Davis, Skaggs & Co., 111 Sutter Street, members of the Pacific Coast Stock Exchange.

Robert Wiedenmayer Now With Irving Lundborg

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Robert Wiedenmayer is now connected with Irving Lundborg & Co. He was formerly with First California Company for many years.

Continued from page 53

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
West Chemical Products — Sanitation products	18	0.80	15	5.3
West Coast Telephone Co. — Operating public utility	19	1.00	17⅞	5.6
West Mich. Steel Foundry — Steel and alloy castings	22	1.40	18	7.8
West Ohio Gas Co. — Natural gas distributor	18	1.00	16¼	6.2
West Penn Power Co. — Both operating utility and holding company	*35	2.60	50	5.2
West Point Mfg. Co. — Textile manufacturing	71	1.20	12¾	9.4
West Virginia Water Service — Wholesale gas; retails water and ice	13	†0.66	17¼	3.8
Westchester Fire Ins. (N. Y.) — Diversified insurance	87	1.20	26½	4.5
Western Assurance Co. (Toronto) — Fire, marine, aviation, auto and casualty	24	2.73	67	4.1
Western Casualty & Surety Company — Multiple line, fire & casualty and fidelity and surety bonds	20	1.20	31¼	3.8
Western Electric Co. — Makes equipment for A. T. & T.	22	3.60	100	3.6
Western Light & Telephone — Supplies electric, gas, water and telephone service	19	2.00	32¾	6.1
Western Massachusetts Cos. — Holding company for an operating electric utility	31	2.20	41¼	5.3
Weyerhaeuser Timber Co. — Manufacture, conversion and sale of forest products	25	1.00	31½	3.2
Whitaker Cable Corp. — Manufacturer of automotive cable products	23	0.80	10½	7.6
Whitaker Paper Co. — Paper products and cordage	24	2.75	45½	6.0
Whitehall Cement Manufacturing Co. — Manufacturer of portland cement	12	1.60	41	3.9
Whitin Machine Works — Textile machinery	71	1.20	14	8.6
Whiting Corp. — Cranes, Trambean, chemical, foundry and railway equipment	21	†0.97	14	6.9
Whitney Blake Co. — Insulated wires and cables	16	†0.39	11½	3.4
Whitney Natl. Bk. (New Or.)	73	4.00	334	1.2
Wiggin Terminals, Inc., v.t.c. — Boston harbor	10	1.00	19	5.3
Will & Baumer Candle Co. — Candles and beeswax	62	1.00	15¾	6.3
Willett (Consider H.), Inc. — Maple and cherry furniture	*18	0.60	7½	8.0
Williams & Co., Inc. — Supplies for industrial safety, welding, refrigeration, etc.	23	1.60	23½	6.8
Williams (The) (J. B.) Co. — Manufactures toilet articles	73	0.10	9	1.1
Wilmington (Del.) Trust Co.	50	9.00	186	4.8
Winters Natl. Bank & Trust (Dayton, Ohio)	*33	1.00	24	4.2
Wisconsin Hydro Electric Co. — Operating public utility. Acquired by Northern States Power Co. (Minn.) on Nov. 1, 1957	10	0.75	16½	4.5
Wisconsin National Life Insurance Co. — Life, accident, sickness and hospitalization insurance	39	1.00	63	1.6
Wisconsin Power & Light — Electricity supplier	12	1.32	26⅛	5.1
Wisconsin Southern Gas Company, Inc. — Operating natural gas public utility	12	†0.99	18	5.5
Wiser Oil Company — Crude oil and natural gas producer	43	3.00	45	6.7
WJR The Goodwill Station (Detroit, Mich.) — Detroit broadcaster	30	†0.48	12¼	3.9
Wolf & Dessauer Co. — Fort Wayne department store	10	0.75	10¼	7.3
Woodward Governor Co. — Speed controls for engines and propellers	19	2.125	33	6.4
Worcester County Trust Co. (Mass.)	16	3.00	63	4.8
Wyatt Metal & Boiler Works — Sheet and steel plate	45	3.00	41½	7.2
York Corrugating Co. — Metal stamping, wholesale plumbing and heating supplies	22	1.20	16	7.5
York County Gas Co. — Operating public utility	13	2.10	48	4.4
York-Hoover Corp. — Manufacturing specialized truck bodies and burial caskets	16	0.55	14	3.9
York Water Co. — Operating public utility	*15	1.20	28½	4.2
Yosemite Park & Curry Co. — Operates hotels, camps and stores	15	0.375	4¾	7.9
Young (J. S.) Co. — Licorice paste for tobacco	46	4.50	57	7.9
Youngstown Steel Car Corp. — Railroad cars and equipment	19	0.25	16¾	1.5
Younker Bros. — Department stores in Midwest	*11	2.00	30	6.7
Yuba Consol. Gold Fields — California gold dredger	49	0.20	4½	4.4
Zeigler Coal & Coke Co. — Owns mines in Illinois and Kentucky	19	0.80	8	10.0

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

TABLE II
OVER-THE-COUNTER
Consecutive Cash
DIVIDEND PAYERS
for
5 to 10 YEARS

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Alabama Tennessee Natural Gas Co. — Pipeline	7	1.20	20¼	5.9
Allen (R. C.) Business Machines, Inc. — Adding machines, typewriters, etc.	6	0.50	6½	8.0
Allied Gas Co. — Natural gas distributor	9	tr1.00	16	6.2
American Forest Products Corp. — Logging and lumbering	*8	†0.98	24	4.1
American Furniture Mart Building Co. — Chicago real estate	9	0.25	18½	1.4
American Greetings Corp., Class B — Manufacture of greeting cards	8	1.20	19½	6.2
American Home Assurance Corp. — Diversified insurance	7	1.40	36½	3.8
American Rock Wool Corp. — Mineral wool insulation	7	0.80	10¾	7.4
Ansonia Wire & Cable Co. — Plastic insulated wire and cable	5	0.60	8	7.5
Atlas Finance Co. — Auto financing	6	0.75	8½	8.8
Auto-Soler Co. — Manufactures nailing machinery	8	0.20	4	5.0
Blue Ridge Insurance Co. — Diversified insurance	8	0.85	27½	3.1
Bradley (Milton) Co. — Games and toys	7	0.75	11	6.8
Brooklyn Borough Gas Co. — Operating public utility	8	0.95	18	5.3
Capitol Records, Inc. — Phonograph records	8	1.00	35	2.9
Carlisle Corp. — Inner tubes, brake lining, bicycle tires, etc.	8	0.625	8⅜	7.5
Cedar Point Field Trust, ctfs. — Texas oil wells	8	0.63	5	12.6
Central Public Utility Corp. — A holding company	5	0.80	23⅞	3.4
Chicago Railway Equipment Co. — Railway equipment and foundry (malleable)	7	2.00	30	6.7
Churchill Downs, Inc. — "Kentucky Derby"	7	1.35	16½	8.2
Cleveland Trencher Co. — Manufacturer of mechanical trench excavators	9	0.80	8½	9.4
Commonwealth Telephone Co. (Dallas, Pa.) — Telephone service	7	0.80	13⅜	6.0
Consolidated Freightways, Inc. — Motor freight	7	0.80	13⅛	6.1

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
tr New annual rate on the stock based on 25-cent payment in first quarter of 1958. A 50% stock dividend was paid on Dec. 2, 1957.

N. Y. Cotton Exchange Receives Slate

William K. Love, Jr. of Anderson, Clayton & Fleming was nominated for President of the New York Cotton Exchange, it has been announced by Thomas F. Russell, Jr., Chairman of the Nominating Committee. Also nominated were. Tinney C. Figgatt, for Vice-President, and John M. Williams, of Royce & Co., for Treasurer.

Nominated for the Board of Managers were: Harry B. Anderson of Merrill Lynch, Pierce, Fenner & Smith; Edward C. Angelery of Felder & Co.; Alfred Boedtker of Volkart Brothers Co.; W. Oscar Cate of Central Cotton Co.; Frank J. Knell, New York; John D. Miller, Jr. of Robert Moore & Co.; Hugh E. Paine of Abbott, Proctor & Paine; Fred W. Perutz of Schwabacher & Co.; Malcolm J. Rogers, New York; J. Raymond Stuart of E. F. Hutton & Company; Gustave I. Tolson of Geo. H. McFadden & Bro.; Robert K. Vincent of The Kendall Company; Alden H. Vose, Jr. of Kohlmeyer & Co.; Albert M. Weis of Irving Weis & Co., and J. Antonio Zalduondo of Orvis Brothers & Co.

Messrs. Love, Jr., Figgatt, Williams, Anderson, Angelerv, Boedtker, Cate, Knell, Miller, Jr., Paine, Perutz, Rogers, Tolson, Vincent, Vose, Jr., and Weis are incumbent members of the present Board of Managers who were re-nominated.

Nominated for Inspectors of Election for 1959 were: William J. Smith, Sidney S. Shlenker and William H. Spilger.

The Exchange will hold its Annual Election on Monday, June 2, 1958.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Consolidated Rock Products Co. — Gravel and sand	6	0.80	11	7.3
Continental Motor Coach Lines, Inc. — Kentucky bus service	9	0.70	31	2.3
Cooper Tire & Rubber Co. — Tires and tubes	8	†0.48	8¼	5.8
Cosmopolitan Realty Co. — Denver hotel	8	16.00	245	6.5
Craddock-Terry Shoe Corp. — Shoe manufacturer	9	1.00	20¼	4.9
De Laval Steam Turbine Co. — Turbines, pumps, etc.	7	1.25	32	3.9
Denver Chicago Trucking Co., Inc. — Motor common carrier	8	1.25	18¼	6.8
Dewey Portland Cement Co. Cl. B — Portland cement	*9	0.47	12½	3.8
Eagle Stores Co. — Variety chain in South	6	0.45	15	3.0
Eastern Industries, Inc. — Mfrs. pumps and traffic signals	6	†0.38	17⅝	2.2
Fairbanks Co. — Valves, etc.	5	0.15	6⅜	2.4
First-Mechanics Natl. Bank of Trenton	9	1.55	33½	4.6
Funsten (R. E.) Co. — Sheller and packer of pecans, walnuts and almonds	8	0.60	9½	6.3
Gamble Brothers, Inc. — Lumber products	8	†0.52	5½	9.5
General Gas Corp. — Distributes gas by tank trucks	5	0.375	3⅜	11.1
Green Mountain Power Corp. — Public utility, electric and gas in Vermont	7	1.00	13¾	7.3
Greene Cananea Copper Co. — Metal mining	8	1.00	10	10.0
Greenwich Gas Co. — Distributor of natural gas	7	0.70	11	6.4
Grolier Society, Inc. — "The Book of Knowledge" and "Encyclopedia Americana"	5	†0.60	14¼	4.2
Hagerstown Gas Co. — Natural gas supplier	7	0.80	11	7.3

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Haytian American Sugar Co., S. A. — Sugar production	9	2.00	34	5.9
Hot Shoppes, Inc. — Restaurant chain	5	†0.29	16	1.8
Hoving Corp. — Bonwit Teller women's stores	5	0.80	10	8.0
Hubinger Co. — Corn refining	9	1.05	17½	6.0
Hudson Pulp & Paper Corp., Class A — Pulp, paper and paper products	7	1.25	20¼	6.2
Hugoton Production Co. — Natural gas producer	5	2.65	55	4.8
Indiana Gas & Chemical Co. — Coke	7	0.75	15¾	4.8
Indiana Limestone Co. — Limestone production	7	0.20	4	5.0
International Textbook Co. — Printing, publishing and home study schools	7	3.00	50	6.0
Interstate Motor Freight System — Common motor carrier	8	1.00	14⅝	6.8
Iowa Electric Light & Power Co. — Operating public utility	8	1.50	26⅞	5.6
Jack & Heintz, Inc. — Precision parts for aircraft	7	0.80	9¼	8.6
Jacobsen Manufacturing Co. — Power lawn mowers	6	0.60	5¾	10.4
Jersey Mortgage Co. — Mortgage banking and real estate	8	3.00	47	6.4
Kaiser Steel Corp. — Leader on Pacific Coast	7	0.40	30	1.3
Kelling Nut Co. — Edible nuts	6	0.25	7½	3.3
Keyes Fibre Co. — Paper plates, plastic trays, etc.	8	1.20	16½	7.3
Keystone Portland Cement Co. — Manufactures cement	8	2.00	26	7.7
Langendorf United Bakeries — West Coast baker	9	1.20	21	5.7
Lee & Cady Co. — Wholesale grocery chain	5	0.60	9	6.7
Ley (Fred T.) & Co. — N.Y.C. real estate	5	0.25	3½	7.1
Louisville Transit Co. — Bus line operator	5	2.00	52	3.8
Marmon-Herrington Co. Inc. — Heavy duty trucks; mining equipment	9	0.475	9¼	5.1
Material Service Corp. — Limestone	6	3.00	315	1.0
Maxson (W. L.) Corp. — Electronic equipment	9	0.05	5	1.0

† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
McNeil Machine & Engineering Co. — Vulcanizers	7	1.90	33½	5.7
Metals Disintegrating Co. — Metal powders	8	0.40	22½	1.8
Mexican Eagle Oil Co., Ltd. Ordinary — Property interests	7	0.52	3	17.3
Michigan Gas Utilities Co. — Natural gas distributor	5	1.00	19	5.3
Mississippi Valley Gas Co. — Natural gas distributor	5	1.12	15⅝	7.2
Monmouth Park Jockey Club, Voting Trust Certificates — Horse races	6	0.40	7⅝	5.2
Moore (William S.), Inc. — Retailing	9	†0.09	5¼	1.7
Mystic Valley Gas Co. — Natural gas distributor	5	2.20	30	7.3
National Gas & Oil Corp. — Natural gas and Pennsylvania grade crude oil	8	1.175	16¼	7.2
New England Lime Co. — Lime manufacturing	9	0.50	12	4.2
New Jersey Natural Gas Co. — Natural gas distributor	7	†1.28	23⅝	5.4
N. Y. Wire Cloth Co. — Insect metal screening	6	1.10	13	8.5
Norris-Thermador Corp. — Metal stamping and fabrication	8	0.75	10	7.5
Northport (L. I.) Water Works Co. — Operating public utility	5	1.60	28	5.7
Palace Corp. — Trailers	6	0.10	1½	6.7
Pantex Manufacturing Corp. — Laundry equipment	6	†0.59	15¼	3.9
Park-Lexington Co. — N. Y. C. real estate	6	10.00	155	6.5
Parker-Hannifin Co. — Formerly Parker Appliance Co. New name adopted Sept. 30, 1957, following acquisition of Hannifin Corp., Des Plaines, Ill. Manufacturer of hydraulic & fluid system components	9	†1.05	15	7.0
Penn Controls, Inc. — Manufactures automatic electric controls	9	1.20	13¾	8.7
Penn Fruit Co. Inc. — Regional super market chain	6	†0.34	17	2.0
Penton Publishing Co. — Business and technical journals	8	1.275	20½	6.2

† Adjusted for stock dividends, splits, etc.

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Perfex Corp. — Manufacturer of heat transfer products	9	1.40	12	11.7
Petersburg Hopewell Gas Co. — Natural gas	6	1.00	19¼	5.2
Pittsburgh Reflector C., Cl. B — Lighting equipment	*9	0.05	3	1.7
PLASTIC WIRE & CABLE CORP. — Plastic covered wire and cable	6	0.90	17¾	5.1
• See Company's advertisement on page 50.				
Portable Electric Tools, Inc. — Portable tools	6	0.40	5¼	7.6
Porter-Cable Machine Co. — Portable electric tools	5	0.80	15	5.3
Portland Gas & Coke Co. — Operating public utility	6	†0.575	14	4.1
Portland Transit Co. — Holding company	5	0.25	5	5.0
Quaker City Cold Storage Co. v. t. c. — Cold storage facilities	8	0.15	8	1.9
Quaker City Insurance Co. — Diversified insurance	9	0.75	7½	10.0
Radio Condenser Co. — Radio & TV tuning devices	5	0.20	5	4.0
Robbins & Myers, Inc. — Manufacturing motors, fans, hoists & cranes, and pumps	8	3.50	38	9.2
Rochester Transit Corp. — Rochester, N. Y., bus lines	7	0.40	4¾	8.4
Rumford Printing Co. — Magazines	6	3.00	70	4.3
Seaboard Fire & Marine Insurance Co. (NYC) — Diversified insurance	8	0.90	18	5.0
Shedd-Bartush Foods, Inc. — Margarine, peanut products and salad products	8	1.00	17¼	5.8
Signature Loan Co., Inc., Cl. A — Consumer financing	6	0.31	4¼	7.3
Smith (T. L.) Co. — Concrete mixing equipment	8	0.15	12	1.3
Snyder Tool & Engineering Co. — Special machinery	7	†0.39	7¾	5.0
Sommers Drug Stores Co. — Retail drug store chain	8	0.40	6¼	6.4
Sorg Paper Co. — Sulphite, kraft and rag papers	8	†0.575	7¼	7.9
South Texas Development Co. Class B — Oil royalties	*8	4.00	71	5.6
Southern Nevada Power Co. — Electric utility	7	1.00	19½	5.1
Southern Utah Power Co. — Operating public utility	7	1.00	17	5.9
Southland Paper Mills, Inc. — Newsprint	7	2.00	135	1.5

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

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Southwestern Engineering Co. — Diversified operations	6	1.00	12	8.3
Spartan Mills — Cloths and sheetings	8	1.50	34	4.4
Standard Commercial Tobacco Co. — Tobacco merchandising	6	0.15	5	3.0
Standard Paper Manufacturing Co. — Sulphite bonds & coated papers	7	6.00	55	10.9
Steak 'n Shake, Inc. — Restaurant chain	5	0.30	5	6.0
Stuart Co. — Pharmaceutical manufacturer and distributor	9	0.64	22½	2.8
Stubnitz Greene Corp. — Manufactures spring seats for trucks, cars and buses, motor control switches and vinyl plastisols	8	†0.49	9⅜	5.2
Suburban Gas Service, Inc. — Petroleum gases	8	1.03	23½	4.4
Superior Separator Co. — Materials-handling equipment	6	0.60	20	3.0
Tejon Ranch Co. — California land holdings	9	0.60	15½	3.9
Television-Electronics Fund, Inc. — Open-end mutual invsetment co.	9	0.91	10	9.1
Tennessee Natural Gas Lines, Inc. — Pipe lines	8	0.60	10½	5.7
Texas Eastern Transmission — Operates natural gas pipelines	8	1.40	20⅞	6.7
Texas Gas Transmission Corp. — Natural gas pipeline	6	†0.98	16½	5.9
Texas, Illinois Natural Gas Pipeline Co. — Natural gas distributor	5	1.20	18	6.7
Texas Industries, Inc. — "Haydite" clay & shale aggregate	6	0.20	3¾	5.3
Title Guarantee and Trust Co. (N. Y.) — Title insurance	6	1.21	17¾	6.8
Transcontinental Gas Pipe Line Corp. — Interstate natural gas pipeline system	6	†0.91	16⅜	5.6
United States Life Insurance Co. — Life, accident, health and group	7	0.13	26¼	0.5
United States Sugar Corp. — Sugar production	7	2.00	21	9.5
United Transit Co. (Del.) — Street railway & bus lines	5	0.60	4¾	12.6
Virginia Hot Springs, Inc. — Resort hotels	9	2.50	36	6.9
Vulcan Corp. — Wood heels, bowling pins, etc.	8	0.90	12¼	7.3
Warner & Swasey Co. — Machine tools, earth moving machines, textile machinery, etc.	8	2.00	17¾	11.3
Waverly Oil Works Co. — Oils, greases and soaps	8	0.50	10⅝	4.7

† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1957 $	Quotation Dec. 31, 1957	Approx. % Yield Based on Paymts. to Dec. 31, 1957
Weco Products Co. — Toiletries	5	1.00	10⅝	9.4
Welex Jet Services, Inc. — Services oil wells. Acquired by Halliburton Oil Well Cement Co. on Oct. 15, 1597.	8	0.45	23	2.0
Western Utilities Corp. — Holding company	5	0.30	5⅜	5.6
Wurlitzer (Rudolph) Co. — Musical instruments	8	†0.68	6½	10.5
Wyckoff Steel Co. — Cold finished steels	9	1.50	15½	9.7

† Adjusted for stock dividends, splits, etc.

Difference Between Listed and Over-the-Counter Trading

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 offerings of potential purchasers and sellers for all 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 in an order for his own account. In other words, if you wanted to sell 100 shares of XYZ stock and the specialist had no order from 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 his financial resources 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 interest themselves in making a market for unlisted and some listed stocks and bonds. Most of them can communicate with each other instantaneously through private telegraph wires or other facilities at their disposal.

Thus many over-the-counter dealer-brokers, in New York, for instance, will be doing business throughout the day with other dealer-brokers in Boston, New Orleans, Chicago, St. Louis, Denver, Los Angeles, San Francisco, Seattle and other cities from coast to coast. As an integral part of

Two With Central States

(Special to THE FINANCIAL CHRONICLE)

MANSFIELD, Ohio—Chester A. Henrickson and John R. Newman are now with Central States Investment Co., Walpark Building.

Morrow Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—James R. Hearn is now with Morrow & Co., Inc., Hanna Building, members of the Midwest Stock Exchange.

With Inv. Service

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Gwenlyn M. Fisher has been added to the staff of Investment Service Co., First National Bank Building.

Andrews Branch Mgr.

RALEIGH, N. C.—Reynolds & Co. announces that effective March 20, 1958 Graham H. Andrews, Jr. was appointed Manager of the Raleigh, N. C. office, 120 South Salisbury Street.

C. M. Fonck Co. Opens

COLUMBIA, S. C.—Charles M. Fonck is engaging in a securities business from offices at 1416 Senate Street under the firm name of Charles M. Fonck Co.

Walter L. Johnston

Walter L. Johnston passed away April 11 at the age of 69. Mr. Johnston, a member of the American Stock Exchange, was with J. W. Sparks & Co.

Coast Exchange to Increase Commissions

An increase in commission rates to be effective May 1, 1958, on the Pacific Coast Stock Exchange has been announced by Frank E. Naley, Exchange Board Chairman.

This action is in line with the recently announced increased rates to be effective on the New York Stock Exchange on May 1, Mr. Naley stated, and will be the first change in rates since November, 1953, on the Coast Exchange.

The new Pacific rates will be the same as those in New York, and will produce an overall increase of approximately 13% in commission revenues. There will be no increase in rates for stocks selling under $1 per share and the basic minimum commission of $6 on transactions amounting to $100 or more, will remain unchanged, Mr. Naley stated.

Sheffield Adds

(Special to THE FINANCIAL CHRONICLE)

NEW LONDON, Conn.—Walter W. Wojick has been added to the staff of Sheffield & Company, 325 State Street.

With White & Co.

(Special to THE FINANCIAL CHRONICLE)

BLOOMINGTON, Ill.—Paul T. Jensen is now with White & Company, 216 West Washington Street.

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, five, 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 need not concern 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 purchase and sale.

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 between 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 2:30. 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 there are on 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 "net" basis as it is termed in the parlance of the securities business. This means his profit or loss is included in the price he quotes you and there is no commission charge shown on his confirmation. 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 at 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 exchanges.

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-term 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 foibles of their customers, they cannot without unwarranted hazard buy securities for inventory pur-

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Chicago Street Club Elects Officers

CHICAGO, Ill.—At the annual dinner meeting of The Street Club, the following officers were elected for the 1958-59 year:

President: Wm. Walker McLaury, Duff, Anderson & Clark.

Vice-President: Stacy H. Hill, The Northern Trust Co.

Secretary: Harold J. Timmers, Jr., North American Securities Co.

Treasurer: George H. Kendrick, Jr., Blunt, Ellis & Simmons.

The Street Club is an association, representing the younger executives in Chicago's financial district. It was organized right after the War in 1946 to help in the development of the young men in Chicago, interested in making a career in the field of finance.

Arthur W. Hageman

Arthur W. Hegeman of Hegeman & Company, Stamford, Conn., passed away at the age of 72 following a brief illness. Mr. Hegeman was a 32nd degree Mason and a Shriner.

Midwest Exch. Member

CHICAGO, Ill.—The Executive Committee of the Midwest Stock Exchange has elected to Midwest Stock Exchange membership G. Kenneth Baum, George K. Baum & Company, Kansas City, Mo.

Bennett-Manning Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Charles H. Fletcher, William R. Hall and Marvin J. Ruddy have become connected with Bennett-Manning Company, 8417 Beverly Boulevard.

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

poses unless they take cognizance of basic economic values.

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, imagination 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 markets 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 is exhausted.

Inventory 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 scene. 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 prices cannot consistently 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, he must, as a general rule, have knowledge superior to that of the lay trader.

Therefore, an important contribution of over-the-counter dealers who take important inventory positions results from the fact that their market pricing must be influenced definitely 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, municipal 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, so it is with 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. Just be sure the over-the-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 are vital to our economic life. Through the medium of stocks and bonds, idle capital of individuals, banks, institutions and the like flows into trade and industry, and makes it possible for business to obtain the wherewithal with which to provide jobs for ever more workers at ever less human effort and at ever more remuneration. Savings thereby become an asset to society and not a problem. The beauty of it is that the capital needs of both big and small business alike can be thus served.

If it were not for the exchanges and Over-the-Counter Markets, investors of all types would find it almost impossible to quickly retrieve the capital they put at the disposal of governments, municipalities or corporations. This is one of the many reasons why it is socially important that those engaged in the investment business thrive.

Continued from first page

As We See It

whatever that Washington can head off or cure a depression.

New Deal Experience

Our experience in the New Deal years from the emergence of 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 state of business—at least by the type of programs launched during those years—and the current proposals of the economic managers in Congress and among the New Deal followers everywhere are of the selfsame 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 these purveyors of panaceas do not understand what they are talking about.

The ardent pleaders for tax reduction at this time have, for example, been at considerable pains of late to defend their reasoning against the objection that such a step now would bring serious danger of what is known as inflation. Current inflation — meaning rising prices—is, so they say, a result not of excess demand for goods but rather a lack of effective competition both among business concerns and wage earners. One effect of this monopolistic situation has been, they add, to raise prices to a point 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 move despite higher prices—and, of course, invite prices to go still higher. No one, so far as we are aware, has suggested 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 major 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 feeble effort to place slight limitations upon it has been made, but the monopoly still flourishes, and vaunts its power daily for the edification of us all. In fact, it has the temerity to argue by implication at least that its exactions could and would help end the recession. Certainly, enlarging the capacity of the rank and file to pay the price exacted 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 it seems to survive an end to boom business. For our part, we do not find convincing those charges that industries such as steel and the motor manufacturers are able to and do fix their prices arbitrarily higher than good business would indicate. Of course, these concerns ask what the market will give, and that is good business in every sense of the word. That they or any of the other branches could consistently or would ask more we doubt. The market seems to us too competitive for that.

Monopoly vs. Competition

In one sense and in some respects it would appear that too much competition among employers may be more responsible for our present situation than too little. It is competition required by law which prevents the motor industry, the steel industry and the others from presenting a unified and solid front to the monolithic labor organizations. It has been the boast of the automobile workers' union for years that they can take one at a time and force their demands down the throats of employers who dare not do very much in opposition because they have no way of knowing what their competitors will do when confronted with the demands of the unions. Of course, we do not mean to suggest that any of these industries should be permitted to become monopolistic, but we do mean to suggest that their adversaries across the wage bargaining table should be required to come to these conferences on the same footing as their employers.

Of course, this whole anti-recession argument runs too much to talk of inflation, and inflation is too narrowly defined as rising prices. The sort of programs being advocated by a great many of the politicians and do-gooders could and would do infinite harm whether or not they cause any immediate rise in prices, or any rise in prices at any time. Some day we shall begin thinking of inflation in terms, not of prices alone, but of untoward conditions, which sooner or later may well induce higher prices, but which in any event tend to undermine the economy. Prices did not rise in the latter part of the 'Twenties, and certainly did not move up alarmingly during the pre-war New Deal years. They remained remarkably stable—at least the indexes did — during World War II. But who would deny that there was inflation during those periods?

First Boston Group Offers Commonwealth Edison 3¾% Bonds

The First Boston Corp. and associates offered publicly yesterday (April 16) an issue of $50,000,000 Commonwealth Edison Co. 3¾% first mortgage bonds, series T, due March 1, 1988, at a price of 100.90%, to yield 3.70% to maturity. The group was awarded the issue at competitive sale on April 15 on a bid of 100.18999% for the indicated coupon.

Net proceeds from the sale of the bonds will be added to working capital for ultimate application to the company's continuous construction program which is presently expected to cost $170,000,000 in 1958; $135,000,000 in 1959; $145,000,000 in 1960; and $150,000,000 in 1961.

The bonds are not redeemable prior to March 1, 1963 through refunding at a lower interest cost, but are otherwise redeemable at the option of the company at regular redemption prices ranging from 104.65% for those redeemed prior to March 1, 1959, to 100% for those redeemed on or after March 1, 1987.

Commonwealth Edison is engaged in the production, purchase, transmission, distribution and sale of electricity in an area of approximately 11,000 square miles and containing an estimated population of 6,600,000. It includes the city of Chicago which has an estimated population of 3,750,000. As of Dec. 31, 1957, the company had approximately 1,939,900 customers.

Electric operating revenues of the company for 1957 amounted to $380,090,910 and net income to $53,342,448, compared with electric operating revenues of $360,106,248 and net income of $49,260,055 for 1956.

Joins Morrow & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Joseph M. O'Connor has become affiliated with Morrow & Co. Inc., Hanna Building, members of the Midwest Stock Exchange. Mr. O'Connor was formerly with Prescott & Co.

Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Ralph M. Klopp is now with Paine, Webber, Jackson & Curtis, Union Commerce Building.

Johannes With Jenkins

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio — George P. Johannes has become associated with L. E. Jenkins & Co. Inc., 6075 Shady Oak Street. Mr. Johannes was formerly President of Remmel-Johannes & Co.

Public Utility Securities

By OWEN ELY

Colorado Central Power Company

Colorado Central Power, with annual revenues of about $5 million, is one of the rapid-growth western utilities favored by suburban developments. The territory served is divided into natural divisions or districts located on the south, west and north of Denver. This part of Colorado, especially the area surrounding Denver, is experiencing unusual growth. This seems due to the increasing industrial expansion of the west and the resulting concentration of jobbing, manufacturing and industrial distribution in or near Denver. Growth is also due to the fact that many people are establishing their homes in an area where climate, scenery and growing business activity offer special opportunities.

The company's strategic location seems to assure continued growth, subject to temporary irregularity. Of the four divisions served by the company, Arapahoe is a fast-growing residential and industrial suburb of Denver, extending south into irrigated farm country. The Golden District combines a suburban residential district with farm and industrial business; Golden is the seat of the famous Colorado School of Mines. Evergreen District is a mountain area with recreational facilities. Fort Lupton District, in Weld County, ranks as one of the wealthiest producers of farm products in the United States. Cheap electric power for irrigation water-pumping has been an important factor in the development of this section. Vegetable canneries, sugar mills, milk processing plants, and alfalfa mills, located in the area, process the local farm products.

The four districts, while not interconnected, are operated as a single system. Along with electricity which the company buys from Public Service of Colorado, a small amount of water is also served. The combined population exceeds 100,000. In 1956 residential and commercial sales accounted for about 61% of revenues and industrial 28%. Residential growth has been favored by the continuing development of new residential subdivisions in the service area.

In the postwar period revenues have increased nearly six-fold —from $882,000 in 1945 to $4,925,000 in 1957. Assets have increased even faster, from $2.3 million to nearly $18 million. Share earnings and dividends have gained more slowly. In 1946 share earnings were $1.43 and remained around that level until 1952, but since the latter year they increased steadily to $1.84 in 1956. Last year earnings dipped to $1.76 due to an equity dilution of nearly one-third. However, in 1957 revenues increased about 18%, gross income 22%, and net income 17%.

Capitalization consists of $7.1 million debt, slightly less than $1 million preferred stock, and nearly $6 million common stock equity. The equity ratio approximates 43%. Common stock was sold last year, and with the present high equity ratio it appears unlikely that additional shares will have to be sold for some time. The common stock was distributed to the public in 1946. Some 80% of the stock is held in Colorado and the remainder in 39 states, District of Columbia, Alaska, Venezuela and Belgium.

Dividends have been paid since 1935 and since 1954 have been paid on a monthly basis, the present rate being 11 cents a month or $1.32 per annum. Dividends increased from 90 cents to $1 in 1951, to $1.20 during 1953 and to $1.32 early in 1957.

Colorado Central Power is currently selling around 29 to yield 4.6%. The price-earnings ratio is 15.6 compared with the general average around 15.

Year	Total Assets (Million)	Gross Revenues (Million)	Kilowatt Hour Sales (Million)	Customers Served (000)	Avge. Kwh Annual Use Residential
1957	$18.0	$4.9	189	31	2,677
1956	15.4	4.1	157	29	2,490
1955	12.5	3.6	133	28	2,345
1954	11.2	3.3	122	26	2,177
1953	9.0	2.8	109	23	2,139
1952	8.5	2.5	95	21	1,919
1951	7.3	2.2	82	20	1,845
1950	6.0	1.9	67	19	1,724
1949	5.5	1.6	58	17	1,639
1948	4.9	1.4	49	16	1,514
1947	3.5	1.2	42	14	1,369
1946	2.9	1.0	35	12	1,240
1945	2.3	0.9	29	11	1,075
1944	2.1	0.8	27	10	988

Offer of Tennessee Gas Transmission 5% Debentures at Par

An underwriting group managed jointly by Stone & Webster Securities Corp., White, Weld & Co., and Halsey, Stuart & Co. Inc. offered for public sale yesterday (April 16) a new issue of $30,000,000 Tennessee Gas Transmission Co. 5% debentures due 1978, at a price of 100% and accrued interest.

The net proceeds from the sale of the debentures will be added to general funds.

Tennessee Gas Transmission operates a multiple-line pipe line system which transports natural gas from producing areas in Texas and Louisiana to points in the Northeastern area of the United States. The system's designed delivery capacity on Dec. 31, 1957, was 1,980,000 Mcf of gas daily, expandable to 2,385,000 Mcf daily by withdrawals from underground gas storage reservoirs.

The debentures are non-refundable at a lower interest cost for five years, but are otherwise redeemable at the option of the company at prices ranging from 105% to 100%. The sinking fund redemption price is 100.

In 1957 Tennessee Gas Transmission had total operating revenues of $313,184,000 and gross income of $61,147,000 before interest and other income deductions. Net income before preferred dividends was $38,168,000. In 1956 these figures were: $266,427,000; $52,064,000 and $34,079,000.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — William J. Lownsdale is with Dempsey-Tegeler & Co., 1000 Locust Street, members of the New York and Midwest Stock Exchanges.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

Disregarding per-share figures and using total dollar amounts, in the 1958 first quarter the leading New York City banks, thirteen in number, reported lower earnings in one case, unchanged figures in one; and higher earnings in eleven instances. The one bank that reported a decline in the quarter, United States Trust, from $1.46 in the 1957 quarter to $1.39 in this year's, had unusually large profits in the earlier period, and in essence, they probably may be said to be getting back to their norm. Using per-share data would distort in several cases, First National City and Chemical Corn Exchange, as they had capital increases in the interval via offerings of new shares by rights.

The twelve months data yielded about the same net result. Twelve of the banks reported higher earnings; while United States Trust's were a "stand-off."

The point of this is that we have been hearing of pronounced declines in loan volume among the banks. While that condition is almost sure to develop if the letdown in the economy worsens, we have yet to see it among these leading banks, for in this group loan volume totaled for the 1958 first quarter was still ahead by about $150,000,000. Four of these banks reported contractions in loans (all small), nine showed increases over the 1957 quarter, several of them being fair size amounts percentagewise.

But while the likelihood of a shrinkage in loan volume must be faced by the banks, they have several off-sets, namely, increasing holdings of United States government obligations and other bonds, and security profits. In probably all cases the latter are treated as capital items and are not included in operating earnings, up to this point many banks lightened up on their investment holdings to be able to put the funds out in the loan market; but now we must look for a reversal of sorts of this practice, with loans running off without renewals in some cases, and the money going into investments. In the first quarter, five of this group of New York banks continued to lose governments, while eight reported increases. There was a net increase for the group in governments of some $532,137,000 in the twelve months.

It is this department's estimate that it will be around mid-year that the effects of the decline in loan volume, plus those of the lower rates of interest, will result in a reversal of the trend in earnings. It must be remembered that average maturities of loans in bank portfolios being what they are, any downward change in interest rates is not felt by the bank until some months after the change. Loans run for varying periods, and in some cases (as where term loans are involved) the maturities may be five or more years in the future; but the old rates continue on outstanding loans until they mature. Nor can it be said that all interest rates have turned down.

An important contribution to bank earnings as we go along will be the effect of the recent change in reserve requirements. This move by the Federal Reserve Board frees funds which the banks have in sterile condition as cash reserves against deposit liability. For example, a 19% reserve requirement means that the bank subject to it is required to lodge with the Federal that proportion of its demand deposits with the Federal; and it must be in cash. There are moves afoot now to give greater latitude to the banks on reserve requirements. The banks are not now permitted to utilize vault cash as a part of the reserve requirement. A provision of a bill now in committee in Congress would make vault cash eligible for reserves. There is also the effort being made to put the downtown New York banks and those in Chicago on the same footing so far as requirements are concerned, with the banks in the other large cities.

The banks have not done badly thus far, to maintain earnings in the face of the worsening economic conditions; and it is probable that, all angles considered, their profits will not suffer in the same measure as industrial earnings. From this it seems fair to advise their purchase as defensive media.

Platt to Head New Vance, Sanders Office

ST. LOUIS, Mo.—Richard Platt has been named manager of a newly established office at 407 North 8th Street, by Vance, Sanders & Co. A general partner of the firm, Mr. Platt will work with investment dealers in Missouri, Iowa, Kansas, Oklahoma, and Southern Illinois. He also will continue to direct the company's unique seminar program.


Richard Platt

Mr. Platt formerly was associated with Brown Brothers Harriman & Co., as an assistant manager in New York

Vance, Sanders is the sponsor of a group of mutual funds with total assets in excess of $1.4 billion. The funds in the company's group include Boston Fund, Massachusetts Investors Trust, Massachusetts Investors Growth Stock Fund, Canada General Fund, Century Shares Trust and The Bond Fund of Boston.

Continued from page 5

Many Issues of Primary Concern To the Businessman Today

right of labor to bargain collectively for many years.

It was right and proper to sympathize with the labor movement in its infancy—more or less on the same principle that right-thinking people followed Alexander Hamilton down the line when he proposed protective tariffs to support American industry which was just learning to crawl out of its cradle.

That did not mean that we should live behind high tariff walls forever.

There is a limit to all things. It is one thing to sympathize with an adolescent labor movement. It is another thing entirely to allow the adult labor movement to walk rough-shod over every other segment of our economy.

During the month of February, it was my privilege to attend 12 Congressional Issue Clinics in 12 strategically located cities — and that took in every area in the country. We were traveling on a split-second schedule by chartered airplane, and so we fell into the habit of describing our tour as an "Aircade."

When I say "we," I mean that the party included a panel of experts on economics and legislative affairs from the National Chamber Staff, plus Felix Morley, who needs no further identification.

It was my assignment to make a brief talk wherever we stopped, and then the experts took over. This gave me a chance to do a great deal of listening, and you may be sure I took advantage of this opportunity. I do not yield to anyone in my respect for the professional economist and the professional economic analyst, but there is no substitute for personal contact when you are interested in learning all you can about the economic probabilities and possibilities—or—in other words—the prospects for the rest of this year and beyond that.

There Is Business Confidence

Let me say that I found an amazing degree of confidence in the recuperative power of this country. There was little tinge of that false buoyancy that prevailed in the early stages of the 1929 debacle. But, of course, you cannot operate a successful economy purely on confidence—and I am happy to report that I did not encounter more than a handful of Pollyannas. My informants had reasons for their more or less optimistic outlook.

In communities that are particularly hard hit by prevailing conditions, it was only natural to encounter considerable discouragement, but I am speaking of communities which are more or less typical.

At the end of the Aircade, I am able to say—and it is based entirely on first-hand interviews and without any presumption to professional background — that I sincerely believe that 1958, in the end, will turn out to be as good a year, if not a better year than 1957—and that was quite a banner year.

The talk of a recession, in the light of the terms in which it is being used today, is highly exaggerated. In our type of economy, we are bound to have periods of leveling and adjustment. We had similar periods in 1948 and in 1949, and again in 1954—and we came out of them stronger than before we went into them.

The background of this present adjustment is the fact that business houses overstocked their inventories—and, after that, a great many of them naturally began to worry about being able to sell their goods. This has happened many times in the past—and, in this respect, the current leveling will have no greater effect than similar events in foregoing years.

We must face the fact that unemployment is hitting a large number of people, and every individual case has got to be regarded as a tragedy. But if you look at it from the national standpoint and take the picture all-in-all, unemployment is not having nearly the disastrous effects that some persons think—or would like to think, in the hopes of putting across some self-patented medicine of their own.

The present number of unemployed persons compared to the total population is a small percentage.

One of the significant factors that a great many people overlook is that today, generally speaking, more persons per family are working—and, in many cases, you will find that families still have an adequate income, even though some members of the family may lose their jobs.

White House Error

I have also said, and been quoted as saying, that the White House was a little too exuberant in forecasting an almost-immediate reversal of the economic trend —but it is my judgment at this particular point, that the low has been reached.

I do not mean to say that we will not have any more dips, or that the country is going to go straight up from now on, but I do think that the general direction will be up.

One thing that should lend us a feeling that we have a basically sound economy is the prospect for the 1960's—and that decade is not far away. Almost everyone agrees that when our young people who were born in the war years reach maturity in the 1960's, their demands for housing, furniture, household goods of all kinds—not to mention automobiles—will have a profound effect on the economy. I know many hard-headed businessmen who declare that the 1960's will bring us a business boom to top all booms.

I will content myself by being a little more modest, and say that we are in for some exciting times when that new generation emerges from the classrooms and becomes a part of the general flow of our society.

So much for the general economic picture—as I see it.

A moment ago, I referred to the tremendous growth of the labor movement and the tremendous growth of its power.

For many months, a Sentate committee has been bringing to light various flagrant abuses of union power. These abuses include outright theft of union funds, amounting to upwards of ten million dollars, according to estimates by the committee.

Gangsters and hoodlums have been employed to prevent men and women from working simply because they disagreed with the union. A newspaperman who had personally been exposing union misbehavior is blind today because a vial of acid was tossed in his eyes.

The committee's records also show numerous other incidents of force and violence, vicious boycotting and picketing without the consent of employees for the purpose of extorting money from employees.

All of this comes down to an abuse of power by persons who—in most cases—seem beyond the reach of the law.

And—I regret to say this—but in all candor, it must be said—there are persons who call themselves businessmen who have worked hand in glove with labor racketeers and virtually sold their employees — like so many slaves into the hands of some union.

Senate Labor Report

The Senate investigating committee's first report has now been released. It contains a proposal to **clarify** what is actually a legal **no-man's land** between Federal and state jurisdiction over labor matters. That proposal is sound, and I commend the committee for it.

The committee's report also contains suggestions for preventing the theft of union funds. Possibly, some new legislation in that regard will be useful. I do not know. We, of course, already have laws against larceny.

In substance—and if the initial report is reduced to its skeleton—this is what the committee has proposed. Up to now, the committee has been essentially concerned with the abuse of union power as it concerns employees—the rank and file union members—and factory workers in particular.

On balance, I would say that the Senate committee is off to a good start. What it has suggested by way of legislation up to this point is well-intended and will serve a valuable purpose.

But its work is less than fractionally completed. From now on, I should like to see the investigation committee plunge into hearings about labor abuses which affect all of us—open up its doors to the impact of labor power on the economy in general.

The initial report, for example, says nothing about the **secondary boycott**—and I consider the secondary boycott is tyrannical as the taxes and the Stamp Act imposed on the helpless American Colonies just before the Revolutionary War.

Nothing is said about subjecting unions to the kind of **anti-trust restrictions** which have applied to business since the latter part of the 19th Century—and—generally speaking—they have applied with good results.

There is no attempt in the first report to end the power of unions to **compel an employee to join a union** on pain of sacrificing his job. Nothing is suggested about the abuse of picketing.

I hope that in its later reports, the committee will come up with suggestions for legislation that pack real authority as to the **abuse of union power in relation to the general well-being.** We must make it our business to encourage the committee to take that direction, and to urge the Congress, as a whole, to back it up on legislative proposals with teeth in them.

Examines Federal Taxation

Let me turn now to Federal taxation.

It is a matter of the utmost urgency that the American people immediately begin to take stock of the income tax, and demand corrective legislation. The core of this crisis is the rate structure of the Federal income tax.

I am not discussing the income tax in the light of prevailing economic conditions. What I have to say could just as well have been said at the very peak of prosperity.

Jobs do not grow on trees.

There are those who insist that an increasing population plus human wants is bound to equal prosperity, but that formula lacks two factors.

One factor is risk capital, investment capital, and the other is good business management. We cannot do much about the latter, but we can do something about the former.

Venture capital is the lifeblood of our economy. It was venture capital—risk capital—that brought us our present high living standard. Loan capital we need. But unless we have venture capital to spark loan capital, the latter will be inert.

It was venture capital that financed more than 60-million American jobs.

And venture capital is the seed from which tax dollars grow. Tax dollars to provide for the national defense. Funds for foreign aid. Money to support the Federal Government's domestic housekeeping—and the governing bodies of our local communities, counties and states.

Investment is what has made our economy so dynamic, so powerful.

Today, many individuals with ample funds to invest in new business concerns, or in the smaller type of concerns that ought to expand, are hesitating.

They are afraid of those tax brackets.

Let me illustrate with a few simple examples how the heavy hand of restrictive taxation can clamp down on our dynamic competitive free enterprise system.

This is an actual case history taken from the files of the National Chamber.

Penalty on Success

A middle-sized, closely held corporation had been so successful that its owners found themselves in the top personal income tax brackets. It was a penalty on success.

So the corporation sold out to a bigger concern. The owners decided that they would be better off personally by selling and paying a capital gains tax than to continue receiving earnings that largely vanished down the drain of the personal income tax.

And thus another business was absorbed by a larger one.

What did the owners do with their net after they sold out? The chances are that they did not invest it is a new business.

Very possibly, each one put his share in tax-free municipal or state bonds.

Our files in Washington are full of case histories to illustrate the restrictive effect of the Federal income tax. We know of many small manufacturing concerns which would like to expand but have determined that besides the natural risk, the returns would be self-defeating.

In one instance, the owner is in the 75% tax bracket. If he expanded successfully, he would be hoisted into the 85% bracket. He would still be able to live very comfortably, to be sure.

But I am thinking about the fact that about 50 jobs—good jobs—were never born because the concern did not expand. And the government lost a creative source of potential revenue.

Nor are we merely surmising here. Many European countries, after making great progress for years, have stagnated year after year, largely because of a hostile business climate—expressed particularly in extortionate taxation. It could happen here. Now is the time to act before we, the businessmen, get the blame for failing to create jobs and spark progress.

The question is, where do we begin? At what plateau in the income-tax structure do we start using the grading machine?

Bear in mind that the idea is to generate more income—to create more employment — to meet the challenge of the 1960's. Not merely to provide "tax relief."

Personal Income Tax

I would like to see an across-the-board cut in the personal income tax, but the sound idea is to operate on the upper brackets in addition—not for the sake of the upper-income people but for the benefit of all. That is one way to unleash creative forces held dormant by failing incentives.

I suggest that all rates in excess of 50% be eliminated—or, as an initial step, eliminate all rates in excess of 60%. This would unleash venture capital. It would help small business to survive. It would do much to stem the flow of mergers.

It would stimulate the creation of new enterprises.

And eventually, the subsequent upsurge in the total national income would make it possible to reduce personal income tax rates all down the line in substantial fashion.

The principle is the same principle that private business has found so successful. What does business do in pursuit of making profits?

It endeavors to produce a large quantity of goods at a low price instead of a small quantity of goods at a high price.

If this principle works for private enterprise, it should work for government in its pursuit of tax revenues.

I realize that the Federal income tax is much like the weather.

Everybody seems to talk about it, but so few people seem to do anything about it.

As individuals, we need to acquaint ourselves with the restrictive effects of the present tax structure, and then spread the story to our neighbors, our friends, our associates, our employees, and the vast millions of people who never look at the tax withholding figures on their pay checks.

We get action on national issues in this country only by building a groundswell of demand, and if the voice of the people is clear enough and loud enough, Washington will hear it and will obey.

I have just one concluding thought, and that has to do with the importance of the individual in the American scheme of things.

I do not mean the dignity of the individual.

Importance of the Individual

Largely speaking, that has been taken care of in this country. It is not new to say this, but it is well worth repeating that Judaeo-Christianity endowed man with spiritual dignity; our Declaration of Independence and our Constitution endowed man with political dignity—and our particular brand of capitalism endowed man with economic dignity.

It has been our emphasis on the worth of the individual that has spared us the fate of the caviar-and-potato-peel societies.

And by that, I mean those societies in which an entrenched minority ruled the roost, while the majority suffered not only from physical hunger but from mental and emotional malnutrition.

Our history books are full of facts about societies like that—none of which survived.

When opportunity reserves her knocks for the doors of the few, and hope is denied to the many, the whole structure of a system goes to pot.

Our blessings are worth hanging on to—and worth fighting for. Andrew Carnegie once made a point on the importance of the individual which seems to have been obscured by the monumental stack of critical writings about that titan of the modern steel industry.

In popular opinion he was regarded as a harsh taskmaster, with little human feeling for his employees. Perhaps that was true. Perhaps it was not true, but there is no secret as to what Andrew Carnegie put first in importance —the machine, or man.

He once said that if all his machinery and his entire plant were destroyed, he would have no trouble regaining commercial supremacy so long as his men were safe and sound. But if he should lose his men, his machines and his plant would be useless.

That same thread of thought weaves through the whole fabric of our society, and the pattern has not been duplicated elsewhere.

It is pleasant to recall the benefits we enjoy under a system which has traditionally exalted the importance of the individual —but the shield has two sides.

There is also the question of

the duties and responsibilities of the individual—if the importance of the individual is to remain inviolate.

Man is the only living thing which is dependent on society—but society is dependent on the individual. We human beings must give in order to receive.

The greatest danger to our ideal of the importance of the individual is self-complacency — a feeling that someone else—somehow—will relieve us of the painful chore of participating in the affairs of our democracy.

This is a day when the action of every man counts — and I am reminded of an ancient adage which tells us that, "For evil to triumph, good men need only do nothing."

If all the national issues which plague our country today could be distilled together, the end product would show that the basic cause on trial in this hour is the preservation of the importance of the individual—and all our vast strength, our magnificent living standard and our moral stature are keyed to that concept.

In essence, the national issues which most concern us threaten to undercut the importance of the individual.

No individual can truly be important — or retain the dignity which we have endowed upon ourselves—if he sits back and does nothing by way of participation in the affairs of his country.

To make democracy work, the thinking citizens of America must be active, practicing citizens . . . and this is the age of organization . . . in which we bring together men and women of strong individuality to advance the public good.

But the simple act of getting together is not enough.

They must be knowledgeable men and women. They must know the facts. They must make their views count with their elected representatives in particular, and with their appointed representatives whenever the chance affords.

In a representative government, such as ours, the government does not represent all the people.

It represents only those people who take an active interest in it. It is those people who literally own the government. Others get a free ride—up or down—depending on the moral stature of the active segment. We ought to have —all of us—a sense of obligation to our system and our society to establish the ideal of perfection as our goal.

Of course, we will never reach perfection, and that may be just as well. It would rob us of all the pleasures of anticipation.

We can add to the stature of the individual today because the times are right for it.

The challenge is made to order because the contrast between our society and the societies of centralized authority stands out today in vivid relief.

To sum up, I would like to say that individual dignity is always in peril when the individual fails to take advantage of his opportunity to be important.

To be important, he must accept the challenge of life in a democratic republic.

He cannot be important and he cannot retain his dignity, unless he is an active participant in public affairs.

He cannot be an active participant, unless he is informed on national issues—and then lets his elected representatives know his views, and his reasons.

Dignity—importance—information—and action—all go together.

Under a dictatorship, men are counted—like so many pigs or so many pieces of pig iron.

In a democracy, on the other hand, it is man himself who counts.

Let us move on from there to make the individual count for more and more—not only as to what he receives from society, 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 spirit of our far-sighted forbears meeting the challenge which is presented by today's political economic and social problems.

McGraw-Hill Survey Shows Capital Spending Down But Research Outlays Increasing

Twenty percent sales increase by 1961 expected to follow small intervening decline. Research boom foreseen, with high proportion of new products being planned in aircraft, machinery, auto, textile, paper, and chemical industries.

American industry plans to invest $34 billion in new plants and equipment in 1958—12% less than in 1957, the 11th annual Survey of Business Plans conducted by the Department of Economics of McGraw-Hill Publishing Co., reveals. However, companies participating in the survey said they planned to increase their research and development expenditures in 1958 by 14%. They also expect to increase sales 20% by 1961 after a small decline estimated from 1957 to 1958—indicating that most companies are not expecting a deep or prolonged recession and are aggressively planning to substantial longer-term growth.

During 1958, industry plans to spend over $8 billion on research and development. Since 1953, expenditures on research have increased 124% and by 1961, there will be a further increase to $10 billion, or nearly three times the 1953 level, according to this survey.

New Products Accelerated

As the result of the research boom, industry is developing new products at a much more rapid rate than in the early postwar years. The plans of manufacturing companies show that an expected 12% of 1961 sales will be in products not made in 1957. The same survey a year ago showed plans for 10% of 1960 sales in new products, and in 1957 the estimated volume of new products was only 8% of total sales.

Over 40% of sales in the aircraft and other transport equipment industry are planned to be in items new since 1957. The machinery industry is counting on new products for 22% of its 1961 sales. And the ratio varies from 10% to 14% for companies in the automobile, textile, paper and chemical industries.

In addition to new products, industry's research program includes large sums of money for development of new manufacturing processes and the improvement of present products. Of the companies surveyed, 41% were working on product improvements, 48% on entirely new products and 11% on new processes.

The survey revealed that companies expect a high rate of return on the money invested in research. Over 90% of the companies expected this investment to "pay off" in less than five years, in increased sales or lower costs. Some companies conducting basic scientific research had longer payoff periods (up to 10 years), but three to five years was the most frequent estimate.

Reflecting the rapid technical change brought about by the research effort, manufacturing companies plan to put 56% of their 1958 capital investment into replacement and modernization of present plants and equipment, the survey showed. In the years 1959-61, plans call for 62% of investment to go for replacement and modernization.

Investment in New Plants and Equipment

The survey also covered plans for total investment in new plants and equipment and changes in manufacturing capacity. Present plans call for total business investment of $34 billion in new plants and equipment in 1958 (down 12% from 1957) and an average of $30 billion in the three years 1959-61. These advance plans for future years may under state actual expenditures because of the long time-lag involved.

Plans to add new capacity were much more conservative than in other recent years. Manufacturing companies reported plans to increase capacity 10% over-all during 1958-61, compared with a 15% increase estimated for 1955-58. On the other hand, companies plan to increase sales 20% by 1961, after a small decline estimated from 1957-58. The McGraw-Hill Department of Economics, which conducted the survey, commented that this indicates most companies are not expecting a deep or prolonged recession, and that most are still planning for substantial longer-term growth.

Land Banks Offer $230,000,000 Bonds

The 12 Federal Land Banks yesterday (April 16) publicly offered $122,000,000 of 2¾% bonds due May 1, 1963, and $108,000,000 of 3¼% bonds due May 2, 1966, both issues non-callable. The 2¾s of 1963 are being offered at 100%, and the 3¼s of 1966 at 100¾%. These new consolidated bonds will be dated May 1, 1958.

Proceeds from the sale of the bonds will be used to redeem $209 million of bonds maturing May 1, 1958, to repay short-term borrowings, and for lending operations.

The offering is being made through the bank's fiscal agent, John T. Knox, 130 William St., New York City, with the assistance of a nationwide dealer and banker group.

Joins Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Eugene J. Lambin has joined the staff of Reynolds & Co., 629 Second Avenue, South.

Join Central States

(Special to THE FINANCIAL CHRONICLE)

MANSFIELD, Ohio—George J. Schneider and Elizabeth A. Smith have joined the staff of Central States Investment Co., Walpark Building.

John Green Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Chris Markos has been added to the staff of John S. Green & Co., Fidelity Building.

With McDonald Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—David E. Halter has become affiliated with McDonald & Company, Union Commerce Building, members of the New York and Midwest Stock Exchanges.

Whitmore, Bruce Branch

Whitmore, Bruce and Co. has opened a branch office at 79 Wall Street, New York City, under the direction of Ralph E. Whitmore, Jr.

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General Skepticism About Oils and Relative Values in the Offing

However, it appears that the total number of wells drilled will decline again this year, probably dropping **below** 50,000 wells.

Change **four** is the: **Major company shift toward supplying a greater part of refined product requirements rather than making large purchases from independent refiners.** In the past, oil companies generally, purchased an important part of sales requirements from the small independent refiner. This was due to seasonal fluctuations of demand and to transportation advantages. In the past year or so, however, the small refiner has lost a substantial part of this business. Expanded and more efficient refineries and improved transportation systems of the majors are largely responsible. Of course, recent slack demand has not supported the need for as great a supplemental supply. However, the new trend is likely to continue and the independent must attempt to develop his own marketing outlets, as many are doing along the Gulf Coast.

Shift in Oil Sources

Number **five** is the: **Economic shift of crude oil supply sources.** This trend started some years ago with the Eastern and Western Hemisphere tending to become self-sufficient. Signs now point to a reversal some years hence. The Eastern Hemisphere is likely to play a rapidly increasing role in supplementing U. S. crude oil requirements.

Of late, there has been a shift in the U. S. to favor Venezuelan crude oil rather than prorated Canadian oil. Also, domestically, there is a new trend toward supplying California from areas in the Southwest and plans to supply the Pacific Northwest from California.

Number **six: A further loss of markets to natural gas and coal.** Last year the natural gas pipeline companies experienced another year of substantial growth. This was due in large measure to the fact that low cost, highly competitive natural gas undersells fuel oil by as much as 60% in some areas, and, at the wellhead, on a BTU basis, costs the equivalent of $1 versus $3 for crude oil. In 1946 crude oil filled 65% of the nation's hydrocarbon requirements compared with 50% currently. On the other hand, in 1946, natural gas held a 25% share of the market but now accounts for over 34%. Last year there was also considerable switching to the use of coal by utilities and industrial plants. This was due to the many, heavy fuel oil price increases following the general crude oil price increase in January 1957. Now, however, there are some signs that natural gas and coal may not continue to displace crude oil sources of energy as easily as in the past.

Change number **seven** is: **The trend toward a new basis for pricing crude oil and refined products.** In the past there have existed, generally, two bases for pricing crude oil. The first applies to the gravity of the crude oil and the second to the location of the source of the crude as it relates transportationwise to the United States Gulf Coast. Now, however, there is a tendency toward some independence when pricing crude oil and products in the Middle East, Far East and South America. While a broad change in the world crude oil price structure may take some years, a new trend appears to be underway.

In the United States a new pricing element is gaining increasing attention. In many areas prices are beginning to reflect the value of the crude oil to refiners on the basis of yield. This trend is noticeable in the current crude oil price adjustments, which reflect a price penalty primarily for high gravity oils. Generally high gravity oils result in a refinery gasoline yield of a **lower** octane rating than the middle gravity crudes. Because of the trend toward higher compression ratios in automobiles, refiners desire a maximum yield of higher-profit superpremium gasolines.

In conclusion and briefly summarizing the foregoing changes in the complexion of the oil industry in 1957, the following appear to represent the outlook at this time:

(1) Demand growth in the United States of 3% annually and 6% abroad versus 6% and 12% in the postwar years.

(2) No general crude oil price cut.

(3) No natural gas bill, freeing the producer this year.

(4) A lower level of imports for the next year or so but then rising to a point exceeding domestic production possibly by 1975.

(5) A sharp recovery of refinery profit-margins.

(6) Greater emphasis on petrochemical production.

(7) A long-term down-trend for domestic drilling.

(8) Greater competition for foreign markets.

(9) Extended hearings on the "Memphis Case Decision" lasting more than a year.

(10) The gradual elimination of excess U. S. crude oil productive capacity.

(11) A greater emphasis by the stock market on oil company earnings and cash earnings than on crude oil reserves or new discoveries.

The year 1958 is likely to be one of many new adjustments in operating conditions of the petroleum industry. However, after the current period of consolidation, the world's insatiable needs for energy will indubitably bring about a resurgence of normal growth in demand for petroleum and its products. The present general skepticism has obscured the relative values to be noted in many superior quality petroleum equities.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates yesterday (April 16) offered an issue of $7,515,000 Northern Pacific Ry. 3⅝% serial equipment trust certificates, maturing annually May 8, 1959 to 1973, inclusive.

The certificates are scaled to yield from 2% to 3.75%, according to maturity. Issuance and sale of the certificates are subject to authorization of the Interstate Commerce Commission.

The issue is to be secured by 28 Diesel-electric road-switching locomotives; 450 box cars and 25 refrigerator cars, estimated to cost not less than $9,411,950.

Associates in the offering are: Dick & Merle-Smith; R. W. Pressprich & Co.; Baxter & Co.; Freeman & Co.; Ira Haupt & Co.; McMaster Hutchinson & Co.; Wm. E. Pollock & Co., Inc.; and Shearson, Hammill & Co.

Bunker With Andrews

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn. — Reynold F. Bunker has become associated with E. T. Andrews & Co., 75 Pearl Street, members of the Boston Stock Exchange. Mr. Bunker formerly conducted his own investment business in Portland, Maine and White Plains, New York.

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Uranium—Fact and Fancy

dentally, however, this is not the equivalent of saying that fusion fuel costs will be negligible.

Fusion has been successfully demonstrated in uncontrolled form in the H-bomb, sometimes referred to as the fusion bomb. Experimental work has been in progress in the last few years and theoretical investigations were pursued even before the uranium chain reaction was demonstrated. Present optimism stems from the fact that notable advances have been made and certain milestones have been reached in the technological road to **controlled** fusion. It is important, of course, to recognize the road which has been traveled, but such progress must be viewed in the light of the road which remains to be traveled. For example, it is well to recognize that fusion experiments performed to date have not yet put us in a fusion position comparable to our fission position in 1942. It was nearly 16 years ago that Fermi and his co-workers achieved their historic success (controlled atomic fission) and the corresponding point is not known so far to have been reached in the case of fusion. When it is recognized that a great deal of engineering development work remains to be done even in the case of fission it becomes clear that a considerable period of development will have to follow the achievement of sustained fusion, a point not yet reached.

An indication of the difficulties involved may be obtained by a consideration of the energy balance in the latest experiments. It has been announced by Sir John Cockroft, (leading British Scientist in the field) that the energy obtained from other sources and used in producing the fusion reaction was a million, million times as much as the energy produced. In other words, what was obtained was only one trillionth of what was used up. Note that the energy used up, referred to here is in addition to any fuel energy consumed. It is to be expected that this unfavorable energy balance will be improved as further experiments are made, but the improvement appears to be a rather lengthy process.

To determine whether fusion constitutes any threat to uranium necessitates of course a projection into the future. We all know projections into the future are subject to error. However, one may with at least some degree of reliability, project into the future if one can obtain a fix on one's present position and if one can estimate one's present and expected rates of progress. The projection into the future may then be obtained by the process of extrapolation. Essentially extrapolation is the mathematical extension of a series of numbers in such a way that the same mathematical relationship governs both the numbers which are known (being in the past) and the numbers which are unknown (being in the future).

Extrapolations have been useful in the past and to some extent extrapolation is used in all successful predictions. On the other hand, wildly erroneous conclusions have been drawn from extrapolations based on inaccurate past figures, or by the blind assumption that the future rates of change will resemble rates of change in the past. At least extrapolation avoids the elementary error of supposing that change will not occur, a supposition with a surprising number of adherents.

If there are no real indications of the present and expected rates of progress, then even extrapolation is not possible — projections into the future are mere surmise, not worth making. They are worse than worthless because they are likely to be misleading.

To return to fusion, we certainly do not wish to fall into the elementary error of supposing that progress will not be made. As investors we must try to estimate the present rate of progress. We must try to estimate the future rate of progress, which will no doubt be greater than even the present rapid rate, for we live in an era of accelerating technology. Put simply, we may expect to reach our destination sooner as we speed up.

Cannot Blame Fusion

The problem then is to try to estimate our present rate of progress on fusion, to estimate how this rate may change in the future, and hence based on both when we will reach our destination. Considered in this manner it appears, as we have said, that fusion cannot be expected to reduce the demand for uranium, at least not enough to warrant the present depressed levels of major uranium stocks.

A natural question at this point is often asked. What if there is a technical "break-through"? By definition the rate of progress is abruptly altered, and in one moment an advance may be registered equivalent in its implications to many years of arduous effort. Such a break-through could of course, completely alter the estimated time of arrival at a given destination. Unfortunately such a break-through is essentially unpredictable. Successful investment requires careful selection based on as complete information as can be obtained. To assume a break-through not foreshadowed in some fashion is not just extrapolation, it is equivalent to mere conjecture. There is no real basis for judging when a break-through will come or the extent of its impact. In a sense we live in an era where all technology is subject to sudden obsolescence. That is, if a real breakthrough occurs, a quantum leap in man's mastery of his environment ensues, and a preceding technique may be utterly outmoded.

To return to fusion, no one can assert with absolute assurance that it will not eventually outmode uranium. It is equally true that no one can assert with absolute assurance that it will not outmode oil or coal. One can say that based on all the information available, with the aid of all reasonable extrapolation, the chances are heavily against the obsolescence of oil or coal or uranium by fusion (and against the obsolescence of oil by uranium for that matter). In short, those who assume without any present or foreseeable basis a fusion breakthrough of sufficient proportions to obsolete uranium may with equal force assume it will be of sufficient proportions to depress oil and coal stocks. Any such conclusion is wholly lacking in realism. The information at present, the advances which appear reasonably foreseeable, lend credence to the notion that uranium requirements will not be significantly affected by fusion for many, many years. If the unforeseeable should occur it might affect oil or coal as well as uranium.

In other words the uranium market lives in constant danger of being eliminated by new technology. But this is true of all present technologies — They are all jeopardized by new technologies. The point is that there is no sufficient reason for the market to single out fusion and use it as a reason for depressing uranium stock markets. The threat is there, but it has been falsely exaggerated as being of a different character and magnitude than it is.

Uranium Market

(3) **Fancy**—Uranium is, or will be, in over-supply, apart from fusion.

Fact—There is a guaranteed market for all the uranium which can be produced over the near term.

Over the longer term the market is naturally more difficult to predict. Highly qualified observers believe the future offers either an approximate balance between demand and supply or a shortage depending on the extent of weapons demand.

The main features of the uranium market as it now exists are worth reciting:

(1) There is a guarantee by the AEC to buy all domestic **ore** of minable grade presented to it until March 31, 1962. Price varies according to grade. For example, it is $4 per ton for ore containing two pounds of uranium oxide. On ore twice as rich the price is four times as great and on ore four times as rich the price is over eight times as great ($35 per ton is paid for ore containing eight pounds of oxide per ton). There are limitations on this guarantee and they have been present since the guarantees were first published in 1948. At the very worst these limitations leave the industry no worse off than copper, steel, aluminum and other metal industries. The market has a degree of uncertainty for all of these items. In the case of uranium the uncertainty merely relates to how much the government will take and the figures in the first section show how sharply the government take is increasing. It is true that miners without mills have to find a mill to take their ore. With procurement increasing the way it is, this merely means the prospects overall are only bright instead of incandescent.

(2) There is a guarantee by the AEC to buy domestic **concentrate** until Dec. 31, 1966, at a price not less than $8 per pound of contained oxide with a further proviso that the AEC is obligated to buy only $8 million worth per year per property, although it naturally may contract to buy more. Since the concentrate guarantee stretches further into the future, it might appear to favor millers of concentrate over miners of ore. Construction of a mill of course requires capital and hence the charge of favoritism toward big business is made. Upon examination it will be realized that such a conclusion is not warranted. For example, the area around a given mill may well be all mined out long before the end of 1966. The result will be a kind of "halo" around the mill. Within the halo, miners may well experience a seller's market for their produce. Shortage of ore in a certain locality may cause a slightly more distant mill to bid up the price of ore and this has been a common occurrence even in the past, especially for higher grade ores or those of exceptional amenability. Whether the miller or the miner will be in the better position depends on how much ore is discovered within the ore-buying area of the mill in question.

U. S. average prices paid and estimated to be paid for concentrate have been announced as follows: 1956, $11.50; 1957, $10.50; 1958, $9.60 and 1959, $9.30.

(3) The Canadian market is almost completely dominated by contracts between milling companies and a Canadian Government corporation, buying in behalf of the U. S. AEC. These contracts extend until as early as 1960 in the case of Gunnar Mines to as late as 1963 in the case of Consolidated Denison. There is a guarantee of $7.25 per pound of oxide in Canada, but this has been superseded by the contract prices of around $10.

(4) The South African market is similar to the Canadian market with a few major differences. The ore contains gold as well as uranium and hence the mills yield both products. The ore is lower in grade but there is even more of it. Although the U. S. is the major taker, purchase is made by the Combined Development Agency, a joint instrumentality of the U. S. and U. K. governments. Contracts extend until as early as 1964 in the case of West Rand Consolidated to as late as 1967 for Buffelsfontein.

Average prices paid and to be paid for foreign concentrate are: 1956, $10.90; 1957, $11.15; 1958, $11.15; 1959, $10.70.

Free World Resources

The U. S., Canada and the Union of South Africa together hold the bulk of the free world's reserves and will contribute the bulk of the free world's production in the year 1959. Details appear in Table III.

Perhaps the most important figure to consider in Table III is the 39,000 tons of oxide to be produced in 1959 and later years. This figure will become about 40-42,000 if France and other small producers are included. These figures show the supply side of the picture and a few comments on the demand side are next in order.

Arthur D. Little, Inc., top chemical consulting firm, estimates that demand in the late 1960's when the market will no longer be protected by presently-known contracts, will be anywhere from 40,000 to 62,000 tons of oxide depending on weapons requirements. The former represents an approximate balance at projected capacity production. The latter would of course mean we would be faced with a severe shortage. It is to be noted that the 40,000 ton figure assumes that weapons demand will be 20,000 tons, about half the capacity projected for 1959.

In late 1956, AEC Chairman Strauss stated virtually all production was going into weapons. Based on dollar procurement figures roughly 20,000 tons was produced for weapons in fiscal 1957 but it is anticipated considerably more will be used for weapons in fiscal 1958 and 1959 (based on increased weapons budget figures). Figures for weapons do not include expenditures for fissionable materials used in the weapons, but if the former increase generally, the latter may be expected to increase also. The figure of 20,000 tons for weapons in the late 1960's is evidently considerably less than will be used for weapons in 1959.

Nuclear Development Corporation of America, top nuclear consulting firm, estimates demand in the late 1960's at between 31,000 and 43,000 tons, not including anything for weapons requirements. If weapons requirements do continue at around the recent 20,000-ton level, or at the more than 20,000-ton level of the next couple of years, we will once again face a shortage. In other words, then, we must experience a decline in the 1959 weapons requirements in order to avoid a shortage. To maintain the weapons requirements postulated for 1959 will result in a severe shortage.

Weapon's Demand

Since weapons requirements do play a major role in the balance of supply and demand, it is worth looking at this portion of demand further. Quantitative treatment is quite out of the question under present security restrictions. However, a few qualitative points may be helpful.

It is clear that atomic weapons have diversified enormously. The total number of weapons must therefore increase greatly since it is necessary to stockpile all types of weapons for all types of wars. It should be kept in mind that a nation which has foresworn aggression must inevitably fight a war of the enemy's choosing. That is we must be prepared not for the particular war we would choose if we had to. We must be prepared for all of the different wars an enemy may choose if it wishes to. Any weakness in one part of our arsenal constitutes an invitation to the enemy to choose a war which will play on that weakness.

Illustrative of the proliferation of atomic weapons is the fact that all the major missiles are known to have the capability of delivering nuclear warheads. (Incidentally, no informed or responsible observer has stated that there is such a thing as a nuclear weapon which does not require uranium.)

One very informed observer is Representative Durham, Chairman of the Congress' Joint Committee on Atomic Energy. He has stated that present and projected production of fissionable uranium is insufficient and that another billion-dollar plant like Hanford or Savannah River should be built. If this should come to pass, uranium procurement figures would have to be substantially increased in the years to come.

Another important military demand figure, outside the weapons area, could increase dramatically. This is the demand for propulsion. Senator Jackson of the Senate Armed Services Committee has called for the construction of 100 atomic submarines. Chairman Cannon of the House Appropriation Committee has seconded this proposal. If it should be adopted a very great increase in the demand figures above would be necessary, for no such submarine program was projected in deriving them.

Another fascinating but still distant source of demand looms in the future. This is the use of nuclear energy to propel aircraft, to propel military rockets, and to propel space craft. Any one of these may well enter the picture by the late 1960's and again uranium requirements will increase.

In summary, then, it appears that the facts do not support the three fancies. Uranium purchasing is expanding not declining; fusion prospects are improving, but not to the extent of threatening uranium; the uranium market is guaranteed until the middle 1960's and at about that time demand and supply should be at least in rough balance.

Predicts Price Advance

Uranium stock prices, however, reflect widespread acceptance of the three fancies. Major Canadian producers for example are selling for less than they will earn from their present backlogs. Comparison with aircraft stocks, also heavily dependent on defense requirements, illustrates the present low market valuation on uranium. There isn't an aircraft company with a backlog big enough to return its market price from earnings. In the case of uranium, earnings from backlog alone exceed market by a considerable amount. More important still, in the case of Algom and Consolidated Denison, for example, reserves still

TABLE III

Country	Reserves: Millions of Tons (Ore)	Reserves: Uranium Oxide Lbs. Per Ton of Ore	Reserves: Tons of Uranium Oxide U_3O_8	1959 Product'n Tons of Uranium Oxide U_3O_8
United States	76	5.4	205,000	18,000
Canada	320	2.4	380,000	15,000
Union of So. Africa	1,100	0.68	370,000	6,000
Totals	1,495		955,000	39,000

in the ground after completion of contract deliveries will permit continued operation for more than 50 years. In other words, the fully amortized mill and the reserves in the ground are available for less than nothing. Comparison with major oil stocks is also natural. Leaving aside the fact that oil companies have practically no backlogs, no major oil company with a 50 year reserve is available for its earnings over the next five years.

During 1958, earnings figures for uranium companies will start to appear. Even more important perhaps, dividends will start to be paid. As these events occur 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 uraniums 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 1983 was made yesterday (April 16) by an underwriting group headed by Blyth & Co., Inc. The debentures were priced at 100% and accrued interest.

The proceeds from the sale of the debentures will be used by the company in part to retire a $12,000,000 bank loan incurred principally for completion of a new integrated forest products plant at Red Bluff, Calif., and anticipated expansion of facilities of the Gardner Division. The balance of the proceeds will be added to the general funds of the company.

Diamond Gardner (formerly The Diamond Match Co.) is an important producer of molded pulp products, paperboard cartons, paperboard, lumber, matches and woodenware, and is a distributor 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 and folding cartons.

Diamond was founded in 1881 and has paid a dividend on its common stock in every year since that date. Net sales of the company in 1957 were $170,645,000 and net income amounted to $8,129,000.

The debentures are not redeemable prior to April 1, 1963, other than for the sinking fund, as a part of any refunding operation which borrows money at a rate lower than that borne by the current issue. Optional redemption prices start at 105% for debentures called during the five years beginning April 1, 1958 and decline ¼ of 1% each year thereafter to 100%. The sinking fund provides for the retirement of $625,000 of debentures semi-annually beginning Oct. 1, 1963 through 1982, calculated to retire the entire amount at or prior to maturity.

Chicago Analysts to Hear

CHICAGO, Ill.—Boyn N. Everett and Frank V. 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

James Carstairs, Philadelphia, Pa., member of the Philadelphia-Baltimore Stock Exchange since 1906, passed away on April 7.

With McDonald, Holman

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Richard P. Rackliffe is now affiliated with McDonald, Holman & Co. Inc., 214 North Canon Dr.

St. Petersburg Stock & Bond Club Formed

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 a member of the National Association of Securities Dealers are the principal requirements for membership. Newly elected officers are:

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

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

Secretary: Soren D. Nielsen, Beil & 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.

Other charter members are: William R. Hough, Beil & Hough, Inc.; Derwin B. Smith, Grimm & Co.; George T. Mason, Beil & Hough, Inc.; Lemuel Scarbrough, Thomson & McKinnon; Maurice L. Foisy, Merrill Lynch, Pierce, Fenner & Smith; George E. Orr, Bache & Co.; Pat O'Brien, Bache & Co.; T. Ray Gaither, Goodbody & Co.; and John F. Gallagher, Peninsular Investments.

Politicians and Realities

"Contrasting with the moderation of the business recession is the excitement stirred among 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 resilience of the economy and the people, might bring the desired revival. Lurking in the background was the memory of the Lost Decade, 1930-40, when an overabundance of government projects to restore prosperity 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.

Unfortunately, public opinion has not been prepared adequately for the conflict. Neither the Government, nor the Conservative Party, nor the employers' organizations, nor the press, and least of all, economists, have taken the trouble to enlighten the British public about what is really at stake. The one major effort to that end, the report of the "three wise men" of the Cohen Committee, has been an almost complete failure. It is too long and too technical to be intelligible for the layman. It is couched in too tactless language, so that it unnecessarily antagonizes trade unionists. And it overlooks some of the most effective points.

The Government hastened to dissociate itself in public from its findings, instead of trying to popularize it by the publication of abridged and simplified editions. Neither this report, nor any other publication or public statement has even attempted to attack the firmly established false belief that organized labor is perfectly within its rights when trying to secure full compensation for any increase in the cost of living. So long as this conception is allowed to stand unchallenged there is bound to be much public sympathy for trade unions' claims for wage increases up to the extent of the increases in the cost of living index. Yet the argument on which such claims are based are fundamentally false.

Blames Wages

First of all, the increase in the cost of living by some 4 points 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.

If wage increases are now conceded on the ground of the increase in the cost of living last year, the resulting increase in the cost of living would give rise to another similar claim by the same unions next year, to compensate their members for the rise in prices caused by their previous wage increase. And this would go on indefinitely.

What the economists ought to have explained to the Trade Unions, politicians and newspapers depending on them for guidance 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 that, if only Trade Unions restrained their greed for a little longer, the resulting stability of prices would enable the Government to call off its disinflationary measures, so that manufacturing industry would be able to make full use of its expanded producing capacity. This would mean a reduction of the cost per unit of output, and in the absence of wage increases prices would be reduced.

Such a solution would not suit, however, the more extremist Trade Union leaders. It would mean that everybody would benefit by the expansion of production. And Trade Unions want to reserve the entire benefit to their own members. If only this attitude were adequately exposed, public opinion would range itself whole-heartedly against the strikers fighting for such short-sighted and selfish ends. And although the Trade Unions represent many millions of people, even they could not afford to ignore the pressure of public opinion.

Continued from page 3

Outlook for Our Economy

stock market's capitalization of those earnings projections.

For example, the increasing use of credit during the 1955-57 period of excesses, in the face of deteriorating financial liquidity, finally became one of the causes of slackening demand for goods and services—which phenomenon we are now calling recession. The excessive use of credit at that earlier time was certainly a cause of rising interest rates. Now, however, we are more interested in the effects on credit conditions of the slump in the demand for goods, services and credit.

I am emphasizing this illustration of cause and effect sequence with the hope that it will promote an understanding of the fact that business prospects will be influenced strongly by the status of the blend of cause and effect forces that may be operating at any given time.

The money and credit factor is a vital ingredient of this blend and it is no longer retarding business activity as it was a year ago. There are now plenty of evidences of an increasing availability of credit in relation to the demand therefor. Mortgage credit is easing visibly and short term bank credit is in abundant supply. The business analyst will recognize the significance of the fact that the position of this particular economic force has changed from a brake on business activity to a potential accelerating position—all within a comparatively short period of six of eight months.

Perhaps it will encourage interest in a continuing analysis of these economic forces if I point out that an understanding of them last September would have encouraged analysts to recommend strongly the purchase of U. S. Government bonds to their clients for capital gains on a speculative basis. At any rate, such a recommendation proved to be a happy solution for the problems of many of our investment management clients.

I merely cite that fact for the purpose of emphasizing my view that a continuous analysis of the changing blend of the cause and effect economic forces is very likely to make as much practical difference in the determination of investment policies over the next 12 months as it did over the past year. These forces will also affect the accuracy of projections of the earnings of individual companies.

Today's Economic Forces

Let me return now the economic forces that are making up the blend of cause and effect sequences today. The credit situation has changed in the past seven or eight months from bearish to bullish. Throughout most of the postwar period the ratio of money supply to the economy's need for money has been in a major downward trend. That important trend has been reversed, at least for the intermedite period. An enlarged credit base, coming at a time when the business structure does not want to utilize it via bank loans tends to be a stimulant to the demand side of the securities equation. If banks cannot use the increased credit base for lending, then they will buy securities, predominantly U. S. Goxernment securities. The seller of the Government securities to the banks might be inclined to utilize his funds for the purchase of some other kind of security, if his analysis of the other security value determinants is favorable.

However, there is very considerable evidence that many of those other determinants of common stock values are not favorable.

This whole matter of balancing the favorable aspects of the altered credit situation against the unfavorable facts of the recession was pointed up very nicely by Federal Reserve Board Chairman Martin a couple of weeks ago. After pointing out the obvious increase in credit availability, he said:

"Monetary policy by itself, however, cannot assure resumption of a high level of employed and sustainable economic growth, although ready availability of credit at reasonable cost is an essential ingredient for recovery."

He went on to say:

"How soon recession is checked and recovery is resumed will be influenced by the rapidity with which economic corrections and adaptations are made in factors beyond the province of Federal Reserve policy—that is to say, in business pricing policies, selling practices and productive efficiency; in wage bargaining; and in various financing arrangements; and in the incentives of customers to buy."

It seems to me that these observations are the very essence of the blend of favorable and unfavorable elements at the moment. They portray the pattern of thinking that I am trying to encourage in this paper in the interests of continuing an orderly discussion of the business forces as each of us follows the developments from week to week.

Within that organized pattern of appraising the favorable and unfavorable elements. I would like to switch from the monetary factor over to other economic elements that are not directly in the money and credit category. In my opinion, most of the conditions in the non-monetary area continue to have negative implications.

Non-Monetary Area

Chairman Martin mentioned that the termination of the recession and the initiation of recovery would be influenced by business pricing policies and by wage bargaining. We have seen a decline of about 12% in unit production in the past eight months, but we still do not know what is going to happen to the wage-price situation. If we could not continue to move production at the 145 FRB index level into consumption at the price levels of last autumn, by what line of logic can we hope to move goods into consumption in satisfactory volume at the current higher price levels, especially when there is an immediate threat of even higher labor costs?

This becomes an important matter when it is so clear that the current slump is the result of wage-price policies which priced good and services—including the services of workers — out of the market.

Experience of the past 12 months has established the fallacy of the theory that higher labor costs can be offset by rising prices if we will only continue to raise the wage of the favored classes of labor. The glaring error in this theory is to be found in the fact that the increased purchasing power gained by union pressures cannot offset the loss of unit purchasing power of all of the other groups that suffer by reason of the higher prices.

The net effect of the wage-price trends obviously has been a net loss in the demand for goods and services. That is why we now say that the economy has priced itself out of the market. That is the fundamental reason why inflationary trends—sooner or later—must come to an end.

This continued uncertainty about wage-price policies is one of the reasons why any forecast of the time and the level of the low point of the recession can easily prove to be in error. If the consumer's price index could be reduced by 4 or 5%—**and no more**—that would be dandy. It would increase the potential purchasing power of current incomes and savings on balance.

On the other hand, if commodity price weakness entered a really deflationary trend we would have another bucketful of problems in the field of business and investment analysis. It is safe to say that the very large majority of opinion is not at all worried about that kind of deflation and I lean toward that majority view myself, in spite of the prewar economic history which indicates that price deflation is a natural concomitant of volume declines of the proportions that we are now witnessing.

No Recovery Yet

As a practical matter of investment policy, it seems to me that there is some logic in waiting a bit longer for the answers to some of these basic questions. The economic work of my organization suggests that the downward trend of business activity and employment is still in effect. There are some clues that the speed of the deterioration is slowing down, but we do not find such evidence strong enough to substantiate a prediction of recovery. It can be argued with very logical statistical precision that a major portion of the decline in steel production in the Detroit area must be behind us because the operating rate is reported to have been reduced to about 10% of capacity. However, I am not inclined to interpret that state of affairs as bullish.

Nor does my organization go along completely with the idea that the admittedly sharp dollar decline in business inventories ensures an early recovery in business activity. In spite of the large dollar decline in inventories, the ratios between inventories and sales, between inventories and new orders, and between inventories and unfilled orders are still deteriorating.

Perhaps a practical demonstration of the point that we have in mind here is to be found in the opinions that have been expressed on the steel situation in the last four or five months. You will recall that it was argued that steel was being chewed up by the metal fabricators at a rate that was in excess of steel production. As a result, it was broadly concluded that the fabricators would have to enlarge their purchase of steel and this would force an increase in the steel operating rate. What is actually happening, however, is that metal fabricating activity is heading down toward the metal production rate instead of vice versa.

Summarizes Outlook

Without going through all of the clues which we use in our diagnosis of the prospects for business activity, stated as briefly as possible, it appears to us that:

(1) The rate of business activity in the second quarter is probably going to average out at something less than the first quarter.

(2) For that reason, business earnings in the second quarter are probably going to be somewhat worse than those of the first quarter.

(3) We do not find in our analysis of the fundamental economic forces enough favorable substance to support the rather widely held view that the right bank of the current recession valley will be coming prominently into view some time after the mid-year.

(4) While there is not the slightest doubt in our mind that long term growth trends in population and in the standard of living assure recovery of business activity, of employment, and of earnings to new high record levels, ultimately, from an intermediate viewpoint there does not seem to be much logic in anticipating that these measurements of economic welfare should bounce right back to levels of a year ago that were so recently proven to have been excessive.

(5) This last perspective perhaps needs greater consideration; a willingness to accept calmly unsatisfactory current earnings for a given company because of anticipation of an early recovery to the high record earnings of the last two or three years might prove to be a bit disappointing.

(6) The probable economic effects of higher government expenditures should be appraised on an arithmetical basis against the indicated decline in business capital expenditures and possibly exports. A reasonable netting out of the pluses and minuses in such a calculation does not support the inflation psychology that is often derived from general observations about government deficits.

(7) The current labor negotiations in the automobile industry may well set a wage-price policy pattern that will influence business prospects and credit policies. The latter are likely to be influenced by the presence or absence of inflationary potentialities.

I could itemize numerous other economic forces and other shadings and interpretations of the items that I have already presented. I am sorry that there is not enough time to do that. I do hope, however, that I have raised some thought-provoking points that will be of assistance in one's analysis of the current interesting period.

My experience in discussing business conditions prompts me to end with my general conclusions stated as clearly as possible. Sometimes the reports of my views make it appear that my purpose has been to prove an extremely bullish conviction or an extremely bearish one. In fact, my purpose has been to encourage acceptance of my **blend** idea.

I am willing to state bluntly my opinion that bank credit expansion has, within the past few months, started a major favorable trend that ultimately will have a very strong influence on the development of similar major trends for business activity, earnings, dividends and stock prices. (If anyone takes that observation out of context, it will certainly set me up as being a raging bull.)

At the same time, it is also my opinion that the preponderance of the non-monetary forces continues negative and that these forces are still determining the dominant characteristics of the blend at the present time. (Anybody that emphasizes the observations that I have made on the position of some of these non-monetary negatives will probably set me up as a raging bear.)

I do expect that through the sheer lapse of time the non-monetary negatives will gradually become less powerful in our blend and the stimulating effects of bank credit expansion will increase in strength to the point of dominating the balance of forces which dictate the economic welfare.

Railroad Securities

Norfolk & Western Railway

Norfolk & Western Railway in 1957 set new records of revenues, net income and earnings per common share. The freight tonnage handled also set a new high record. The road's earnings were not as adversely affected in the final months of last year as were the majority of the railroads of the country.

However, in the first quarter of this year freight traffic declined sharply. In the week ended March 29, 1958, revenue freight carloadings amounted to 21,462 cars as compared with 31,971 cars in the like 1957 week, a decline of 32.9%. For the first 13 weeks of this year, loadings totaled 278,000 cars against 372,000 cars in the like period of 1957.

The main cause of the drop in carloadings has been caused by sharply reduced bituminous coal shipments. The principal drop in soft coal has been of metallurgical coal for the steel industry and also reduced movement of export coal. Coal for the steel industry probably will continue at low levels until there is some pickup in the steel operating ratio. Stocks of soft coal abroad are reported at high levels, with some pickup in production over there. This would indicate that export shipments will continue at low levels. One indication, outside carloadings, of the drop in European demand was the return of a coal ship to the Federal Maritime Administration by American Coal Shipping Co., jointly owned by the coal railroads, coal producers and the United Mine Workers Union. There are reports of some demand for coal from Spain and Northern Italy, but this cannot make up for the drop in the other markets.

Last year, total freight handled, measured by revenue ton miles, rose 3.8%. Income from all sources was $265 million as compared with $254 million in 1956. Earnings per share of common stock amounted to $7.75 a share, an increase of 36 cents a common share above the record figure for the preceding year. Dividends per share amounted to $4 as compared with $3.75 a share paid in each of the two preceding years, and $3.50 a share in both 1954 and 1953.

Mortgage bonds outstanding at the end of the year totaled $35.6 million as compared with $35.8 million at the end of the preceding year. At the end of 1957, N. & W. had $34.4 million equipment trust certificates outstanding, compared with none at the end of the four previous years. For some time the road had been following a policy of buying its equipment for cash rather than through the issuance of debt.

Capital expenditures of Norfolk & Western last year aggregated $70.1 million, largely made up for the purchase of 120 diesel locomotives and the acquisition of 4,135 freight cars. Of the total new cars, 4,082 cars were built in the Roanoke Shops.

Taxes paid per common share were higher than the net income per share. Last year taxes totaled the equivalent of $8.44 a share as compared with $8.07 in 1956.

Norfolk & Western has an outstanding record of covering its fixed charges. Times fixed interest charges earned was 23.65 against 30.68 in 1956; 27.97 in 1955; 19.24 in 1954; and 20.60 in 1953. The road is endeavoring to broaden its traffic base by attracting new industries and plants to its territory. It has been somewhat successful in this respect as might be noted from a gain of 10% in miscellaneous freight revenues.

Joins First California

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Cal.—Emerald L. Olson has joined the staff of First California Company Incorporated, 647 South Spring Street, members of the Pacific Coast Stock Exchange. He was previously with Bateman, Eichler & Co.

Proposals Made by Elliott V. Bell and New York "Times" Hit by Walter E. Spahr

What could be "accomplished *legally* that cannot be accomplished legally" now, Dr. Spahr asks in wondering why vague proposals implying economic dictatorship are made by "Business Week's" editor and New York "Times'" editorial.

The President, with his Council of Economic Advisers, already legally do that called for by Editor and Publisher Elliott V. Bell


Walter E. Spahr. Elliott V. Bell

and by New York "Times," asserts distinguished monetary economist Walter E. Spahr who wonders whether proposals made are purposely designed to add "Executive Dictatorship" to present constitutional conducted *modus operandi*.

This analysis, contained in April "Monetary Notes," a monthly newsletter written by Dr. Spahr and published by Economists' National Committee on Monetary policy, New York City, is a sequel to a similarly searching inquiry made in last month's issue of "Monetary Notes" of Dr. Arthur Burns' views on this subject.

Addressing himself first to Mr. Bell, Dr. Spahr states "he complains because no one is 'commander in chief of our economic defenses'; 'we ought,' he says, '. . . to have some authority in government that would be responsible for thinking in terms of overall economic policy'; 'I have suggested a National Economic Council . . . under the Chairmanship of the President'; such a body set up by Secretary Anderson on an informal basis 'should be established on a formal basis and clothed with the necessary authority'; 'there is surely need . . . for a more unified direction of our defense against recession as an essential part of our total national defense.'

"The bones of this skeleton deserve careful scrutiny. The Constitution provides that the President 'shall be Commander-in-Chief of the Army and Navy of the United States, and of the militia of the several States when called into the actual service of the United States'; it does not authorize him to be 'commander in chief of our economic defenses,' and a contention that defense against economic recession is 'an essential part of our total national defense' does not alter this fact.

"The Bell contention that we ought to have some authority in government 'that would be responsible for thinking in terms of overall economic policy' seems to overlook the fact that the Constitution provides that the President 'shall from time to time give to the Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient,' and that Congress has provided the President with a Council of Economic Advisors, although Mr. Bell does mention this Council.

Sees No Net Gain

"What could 'a National Economic Council,' recommended by Mr. Bell, accomplish *legally* that cannot be accomplished *legally* by the President and his present Council of Economic Advisers? Does not the possible distinction lie in Mr. Bell's words that his proposed Council should be 'clothed with the necessary authority'? And what, precisely, does that mean? It would seem to mean Executive Dictatorship under which Congress would be compelled to do as directed by the President and abdicate its Constitutional functions and responsibilities.

"Either the Constitution of the United States would have to be amended to make legal such an arrangement as that recommended by Mr. Bell, or the pertinent provisions of the Constitution would have to be ignored. Since Mr. Bell does not recommend amendment of the Constitution, the reader is left in the dark as to how it is proposed that such a recommendation be made effective.

Cites Crane Brinton

"The frequency with which recommendations are being made that an Executive Committee, or Council, or Commission, be formed under the Chairmanship of the President to integrate our monetary and fiscal policies and procedures or to manage our economy as a defense against economic recession, apparently regardless of the provisions of the U. S. Constitution, could easily raise the question as to whether certain statements, made by Crane Brinton on 'The machinery of dictatorship,' in his book, *The Anatomy of Revolution* (Prentice-Hall, Inc., New York, 1952), could possibly be pertinent to this state of affairs. Said he, page 189, revised edition: 'The dictatorship of the extremists is embodied in governmental forms as a rough-and-ready centralization. In details these forms vary in our different societies. . . . Notably the making of final decisions in a wide range of matters is taken from local and secondary authorities, especially if these authorities have been 'democratically' elected, and is concentrated on a few persons in the national capital. . . . The characteristic form of this supreme authority is that of a committee. The government of the Terror [French and Russian] is a dictatorship in commission.'"

Turns to New York "Times"

Dr. Spahr quotes the Feb. 26, 1958, editorial of the New York *Times* and then points out that as "vague as the quoted material is, the question is, what does it mean? It says that the Federal Reserve, the Treasury, and the Council of Economic Advisers are the key agencies *in directing* the nation's efforts to combat inflation or deflation. The Constitutional fact is that the Executive and Administrative divisions of the Federal Government are to execute and administer laws of Congress within the limits of the Constitution.

"The editorial then goes on to say that there must be a better way than we have now of *reconciling Congressional action* in such cases not only with the Reserve Board and Treasury—and so on. What does *reconciling Congressional action* mean, if it does not mean that Congress is to follow the dictates of the Executive?

"And why the vagueness? If Congress should 'reconcile' its action to Executive direction, is the author of that proposal unable to state how it is to be done? Or does he prefer not to state how he would recommend that it be done?

"The key words in the quoted paragraph of the editorial are 'direct' and 'reconcile'; and the idea advanced is that Congress should reconcile its acts to those who direct. This proposal, when stripped down to its essence, falls outside the limits of the U. S. Constitution.

More Than a Triumvirate

"The C. E. D. staff, Arthur Burns (described in *Monetary Notes*, March), Elliott Bell, and this editorial in The New York *Times* provide samples of the agitation which is being carried on, in more or less subtle or vague ways, in behalf of what appears to be Executive Dictatorship in monetary and fiscal affairs in this country.

"*From irredeemable currency to Executive Dictatorship* is a common sequence of events in government management of human affairs. The agitation for such dictatorship apparently is under way in this country; and it seems to be highly organized and well financed. The 'me-too' propounders are adding their voices in the usual manner. With such dictatorship made effective, past mistakes can be covered up and justified through a subservient and controlled press, radio, and television.

"An irredeemable currency can be, and ordinarily is, an evil instrument; and one of the most evil aspects of its use is now intruding itself on our national scene."

Halsey, Stuart Group Offers Mississippi Power & Light Co. Bds.

Halsey, Stuart & Co. Inc. is manager of an underwriting syndicate which is offering today (April 17) an issue of $15,000,000 Mississippi Power & Light Co. first mortgage bonds, 4⅛% series due April 1, 1988, at 102.526% and accrued interest, to yield 3.98%. Award of the issue was won by the group at competitive sale yesterday (April 16) on a bid of 101.8199%.

Net proceeds from the sale of the bonds will be used by the company for the construction and expansion of facilities, for the prepayment of promissory notes due on Jan. 15, 1959, and for other corporate purposes. The company's construction program is expected to cost an estimated $19,300,000 for 1958.

The new bonds will be redeemable at general redemption prices ranging from 106.66% to par, and at special redemption prices receding from 102.53% to par, plus accrued interest in each case.

Mississippi Power & Light Co., one of the four system operating companies of Middle South Utilities, Inc., supplies electric service in communities and rural areas generally in the western half of the State of Mississippi. The company operates in 46 of the 82 counties of Mississippi and electric service is supplied to over 173,000 customers in 507 communities and rural areas.

For the year 1957, the company had total operating revenues of $29,879,000 and net income of $4,537,000.

E. F. Hutton Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Earl G. Burr, Jr., is now connected with E. F. Hutton & Company, 623 South Spring Street.

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Clayton M. Sheedy has been added to the staff of Dean Witter & Co., 45 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

Larkin Inv. Branch

CAMDEN, Ark.—Larkin Investment Company has opened a branch office at 206 Jackson Street under the direction of Pearl B. McGill.

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Money and the Stock Market Outlook

erating on a profitable basis today.

Automobiles. A few weeks of your fine California weather on a nationwide basis could result in a considerable change in the automobile inventory picture.

Aluminum Industry. Aluminum stocks have suffered an overall decline of 55% in two years. The aluminum industry is one with a most assured growth pattern. There are only four major companies in the industry, all highly efficient producers. This light metal is continually finding new uses. Until the past year the government was estimated to be taking approximately one-third of total output for military stock piling. The previous inadequacy of supply was a severe restriction on such industries as the automobile industry which might have been interested in making drums, cylinders, blocks, pistons, doors, wheels and many other parts of aluminum. Having no assurance that a supply could be maintained, this industry in particular held back from using many more pounds of aluminum than it might otherwise have used. Despite inadequacy of the supply, the automobile industry has had a 3-to-5-pound increase per car per year and now uses an average of about 40 pounds per car. An indication of the potential use, however, can be seen in the Cadillac Eldorado and the Chrysler Imperial, both of which use close to 200 pounds per car. Were the can industry to turn to aluminum for the making of cans, you would not find enough aluminum in the free world today to meet the can requirements for this country alone. As you know, one of the major oil companies and an aluminum company recently got together on a deal to produce a large number of oil cans to be made of aluminum.

Inventory Build-up on Wane

Inventories which were building up at a $2 billion annual rate in 1957 generally are now being reduced at an $8 billion annual rate to a point where replacement will have to take place in many industries.

On the political front we are reminded that this is an election year and there is a distinct possibility of a tax cut which could provide a major economic and market stimulus.

Our final item of strength is in the stock market itself.

The Stock Market's Position

The technical position of the market appears quite strong. In the face of a deluge of bad corporate news, dividend cuts and commissions, lower earnings, lower operating rates and the expectation that the first quarter results will make pretty poor reading, the market has held in a remarkably narrow range and seems more inclined to go up than down given any reasonably favorable news.

Institutional investors, as you have been told, so often, have $6 million a day to invest. The mathematics are simple—if they hold off for a day they have $12 million. There has been some holding off; however, these funds are constantly seeking sound investments, at a price. In recent weeks we note a renewal of buying by these institutions—shrewd professional buyers with fine investment research staffs who take the long range point of view.

A technical factor to consider is the present short position of 3,900,000 shares. Much of this short selling appears to have been done by amateur shorts—attracted late, perhaps too late, by the general business setback. Whether amateur or professional shorts, these sellers have to cover some day and probably quickly when the market turns up. In any event they provide a cushion of buyers, which should serve to keep the market from getting out of hand on the downside.

I would stress that neither you nor I have ever bought the entire list of issues on an exchange, nor have we even bought all the stocks that make up the Dow Jones averages. We should continue a selective policy of purchases in the companies and industries which investment analysis indicates are likely to show the soundest growth.

Summing up, Federal Reserve and other 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 another inflation spiral. Defense, housing, highway, utility, research expenditures are on the way up.

Institutional investors, pension funds and insurance companies, etc., are constantly seeking to invest huge sums *every day*.

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

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

I'd rather be a buyer of securities than a seller at this point.

Two With Morrison

(Special to THE FINANCIAL CHRONICLE)

NEWTON, N. C. — W. Douglas Roberts, Jr. and Peter F. Smitherman are now connected with Morrison & Co., Northwestern Bank Building.

Joins Anderson, Randolph

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Theodore M. Johnson has joined the staff of Anderson, Randolph & Co., Inc., C. A. Johnson Building. He was formerly with Robert Connell, Inc.

Two With Kinnard

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—James D. Enstad and Albert Klobuchar have been added to the staff of John G. Kinnard & Company, 80 South Eighth Street.

Continued from page 4

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 contracts fell 41% last week, they exceeded those of the similar week last year by 3%, according to the "Engineering News Record." The cumulative total of contracts for the first 15 weeks of this year was 8% below that of the comparable 1957 period. The total dollar volume of construction put in place rose seasonally to $3,400,000,000 in March boosting the total for the first quarter of this year slightly over the similar level a year ago, the United States Department of Commerce and Labor reported.

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 inventory adjustment, "Ward's Automotive Reports," stated.

This trade weekly counted 83,897 passenger car assemblies for last week compared with 64,318 in the prior period when 18 plants were closed to balance dealer stocks with sales. Output in the same week last year was 126,195 cars.

Truck production a week ago held steady, being estimated by "Ward's" at 17,135 compared with 16,888 in the previous week. A year ago, output was 22,761.

"Ward's" counted eight plant closedowns for the past week among car makers. They included five Ford division units in Texas, California, Tennessee, Pennsylvania and Kentucky, plus Studebaker-Packard in Indiana, De Soto in Michigan and the Buick-Oldsmobile-Pontiac plant in California.

The statistical agency said the auto industry is operating under its planned level for April and is pointing towards 300,000 to 325,000 completions in the month against 357,049 in March.

American Motors, "Ward's" noted, is the surprise package" of the industry this year. In March it was running at 4.9% of entire United States production, and since Jan. 1 has produced more cars per assembly plant than Chevrolet or Ford or any other producer. Lincoln scheduled six-day operations the past week, "Ward's" added.

Steel Output Scheduled to Drop to 47.5% of Ingot Capacity This Week

Steelworks operations struck a new low in the current recession last week, with mills working at 48% of capacity, "Steel" magazine reported on Monday last. This is a half point off the previous week's pace and marks the third consecutive week of decline. Production was about 1,294,000 net tons of steel for ingots and castings.

The metalworking journal pointed out that operations usually are expanding at this time of year. It said the failure of any show of strength in the steel market has led producers to shelve their hopes for substantial improvement until the fourth quarter. Modest upturns in late April and May are probable, it added.

This poses a problem to steelmakers when the higher labor cost becomes effective on July 1. This trade weekly asks the question, "how can they raise prices when mill operation is low and demand is slack?" The downward price movement in aluminum is also described as discouraging to price increases in steel.

Major consumers' demand continues soft with warehouses loaded, automotive buying almost nil and construction failing to take up the slack.

Production in Detroit last week at 11.5% of capacity was off 11 points from the previous week to make the district the lowest operation-wise in the nation. The reason was the shutting down of Great Lakes Steel Corp., subsidiary of National Steel Corp.

"Steel's" price composite on the prime grade of steelmaking scrap slipped another 16 cents, now standing at $34.17 a gross ton.

The publication said that slow sales are prompting steelmakers to ship farther and pay more shipping costs in quest of new markets.

Indications are that car sales are on the rise, but automakers are keeping a tight rein on production.

During the last 10 days of March, retail deliveries of new cars averaged 15,500 daily. This was a 19% increase over the middle third of the month when average daily volume was 13,000 cars. Although late March sales were down nearly 32% from those of the like 1957 period, they were the highest so far this year for any third of a month.

During the first week in April, there was a 30,000 unit reduction in auto-truck output. Ford Motor Co.'s steel plant will be closed for six weeks until May 5, instead of three.

Burdened with an excessive flat-rolled inventory, one automaker is reported ready to sell about 5,000 tons at a price lower than mills are quoting. The company figures it's cheaper than paying storage, "Steel" concludes.

The American Iron and Steel Institute announced that the operating rate of steel companies will average *79.9% of steel capacity for the week beginning April 14, 1958, equivalent to 1,283,000 tons of ingot and steel for castings (based on average weekly production for 1947-1949) as compared with an actual rate of *81.4% of capacity, and 1,308,000 tons a week ago).

Output for the week beginning April 14, 1958 is equal to about 47.5% of the utilization of the Jan. 1, 1958 annual capacity of 140,742,570 net tons compared with actual production of 48.5% the week before.

For the like week a month ago the rate was *88.2% and production 1,417,000 tons. A year ago, the actual weekly production was placed at 2,313,000 tons, or 144.0%.

***Index of production is based on average weekly production for 1947-1949.**

Electric Output Cut Further the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 12, 1958, was estimated at 11,307,000,000 kwh., according to the Edison Electric Institute. Output held to its downward trend of recent weeks.

For the week ended April 12, 1958, output decreased by 19,000,000 kwh. below that of the previous week, and 388,000,000 kwh. or 3.3% below that of the comparable 1957 week, but increased 389,000,000 kwh. above that of the week ended April 14, 1956.

Car Loadings Declined 3.0% Last Week Due Mainly to the "Eight-Hour Day Holiday" in the Coal Fields

Loadings of revenue freight for the week ended April 5, 1958, were 15,947 cars or 3.0% below the preceding week principally due to the observance on April 1 of the adoption of the 8-hour day holiday in the coal fields, the Association of American Railroads reports.

Loadings for the week ended April 5, 1958, totaled 516,225 cars, a decrease of 127,867 cars or 19.9% below the corresponding 1957 week, and a decrease of 169,153 cars, or 24.7% below the corresponding week in 1956.

Passenger Car Output Advanced 30.4% the Past Week As Major Plants Resumed Operations

Automotive production for the week ended April 11, 1958, according to "Ward's Automotive Reports," rose 30.4% as most of Ford, General Motors and Chrysler plants resumed operation following a one-week shutdown for inventory adjustment.

Last week's car output totaled 83,897 units and compared with 64,318 (revised) in the previous week. The past week's production total of cars and trucks amounted to 101,032 units, or an increase of 19,826 units above that of the previous week's output, states "Ward's."

Last week's output rose above that of the previous week by 19,579 cars, while truck output advanced by 247 vehicles during the week. In the corresponding week last year 126,194 cars and 22,761 trucks were assembled.

Last week the agency reported there were 17,135 trucks made in the United States. This compared with 16,888 in the previous week and 22,761 a year ago.

Canadian output last week was placed at 7,405 cars and 1,285 trucks. In the previous week Dominion plants built 5,742 cars and 922 trucks and for the comparable 1957 week 9,478 cars and 1,936 trucks.

Lumber Shipments Increased 5.1% Above Output in Week Ended April 5, 1958

Lumber shipments of 487 reporting mills in the week ended April 5, 1958, were 5.1% above production, according to the National Lumber Trade Barometer. In the same period new orders were 11.2% above production. Unfilled orders amounted to 31% of stocks. Production was 4.7% below; shipments 4.7% below and new orders were 4.7% below the previous week and 10.4% below the like week in 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 352 in the preceding week, Dun & Bradstreet, Inc., reported. Despite this decrease, casualties ran considerably above the 308 a year ago and the 255 in 1956. Failures also remained 9% higher than in the comparable week of pre-war 1939 when 313 occurred.

Liabilities of $5,000 or more were involved in 304 of the week's casualties as against 306 in the previous week and 265 last year. Small failures under $5,000, declined to 38 from 46 a week ago and fell short of the 43 of this size in the similar week of 1957. For 42 of the businesses failing during the week, liabilities exceeded $100,000, as compared with 40 in the preceding week.

All of the week's decline was concentrated in retailing, down to 159 from 176, and commercial service, down to 33 from 37. Meanwhile, manufacturing casualties edged up to 59 from 58, wholesaling to 36 from 30 and construction to 55 from 51. More businesses failed than last year in all industry and trade groups except service which held even with 1957.

Six of the nine major geographic regions reported mild declines. The toll in the Pacific States dipped to 78 from 79, while East North Central failures fell to 47 from 65. In contrast, casualties increased in the Middle Atlantic States to 110 from 101, in the South Atlantic to 38 from 24 and in New England to 28 from 23. Year-to-year trends were mixed, with increases from 1957 prevailing in five areas, declines in four and no change in one. Failures rose most sharply from last year's level in the New England, South Atlantic and West South Central States.

Wholesale Food Price Index Rebounded to New High On April 8th Last

The Dun & Bradstreet wholesale food price index rose 1.8% from last week's $6.60 to reach a new high for the year of $6.72 on April 8. This is the highest level since Feb. 8, 1955 when the figure was $6.77. Today's index is 8.6% higher than the $6.19 of one year ago.

Higher in price last week were flour, wheat, barley, rye, potatoes, eggs, corn, milk, lard, bellies, prunes and cottonseed oil. Lower in price were butter, sugar, coffee, cocoa, hogs, hams and oats.

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

Wholesale Commodity Price Index Extended Previous Week's Rises Slightly in Latest Week

The general commodity price level remained close to that of a week earlier with price increases registered in some grains, flour, sugar and rubber. These offset declines in livestock, steel, scrap and lead. The Dun & Bradstreet daily wholesale commodity price index stood at 281.43 on April 7, compared with 279.73 the prior week and 287.33 a year ago.

Announcement of a higher than anticipated 1958 crop support price by the Government resulted in slight price increases in corn and rye last week. In addition, corn trading was stimulated by reports that the United States Department of Agriculture would probably approve a plan to allow exports of corn to go through commercial channels. Trading in wheat was sluggish and prices slipped somewhat. Wheat receipts at principal markets dipped slightly below those of a week earlier.

Transactions in soybeans lagged during the week and prices remained close to those of the prior week. Soybeans inspected for export in the week ended March 28 slightly exceeded those of the previous week, but were down noticeably from the similar period last year.

Although flour prices climbed somewhat, bookings were unchanged. Commercial sales of flour for export amounted to 48,100,000 bushels in grain equivalent so far this season, compared with 38,300,000 in the same period last season. Flour supplies were plentiful.

There was the usual late Lenten decline in rice trading, but prices were steady. A slight rise in orders for export occurred, cutting inventories somewhat. Following moderate declines in their inventories, roasters somewhat increased their coffee buying, but prices held at week earlier levels. Coffee roastings were comfortably ahead of those of a year ago.

Wholesalers reported a slight decline in futures prices, in slackened trading. Raw sugar prices rose moderately, and purchases equalled those of the prior week.

Steer prices in Chicago slipped fractionally as orders declined. Cattle receipts dipped noticeably, being the smallest for any week in three years. The buying of hogs fell at the end of the week, causing prices to decline somewhat. Hog receipts slightly exceeded those of both a week earlier and a year ago. Following the dip in hog prices, lard futures prices decreased fractionally. Lamb trading was steady and prices were unchanged from the previous week.

Despite a greater than expected advance in the parity price as of mid-March and continued delayed plantings due to unfavorable weather, cotton futures prices fell slightly the past week on the New York Cotton Exchange. The Government agency, The Commodity Credit Corporation sold 69,000 bales of cotton last week, bringing the total for the season so far to about 1,673,000 bales.

Trade Volume Rose Sharply Last Week But Was Slightly Under 1957 Pre-Easter Week Level

Although consumer buying rose sharply in the period ended on Wednesday of last week from the prior period and noticeably exceeded that of the same calendar week last year, total retail trade was slightly below the level of the 1957 pre-Easter week. Many retailers attributed this to bad weather and plan to continue their sales promotions on Spring merchandise through most of April.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 4 to 8% higher than the similar calendar week a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1957 levels by the following percentages: Middle Atlantic States +8 to +12%; East North Central +4 to +8; New England and Pacific Coast +3 to +7; South Atlantic and West South Central +2 to +6; West North Central +1 to +5; East South Central and Mountain States —1 to +3%.

Shoppers were primarily interested in traditional Easter merchandise during the week, with the most outstanding gains from last year in women's suits, dresses, millinery, coats and fashion accessories. The year-to-year increase in total sales of men's apparel was somewhat less pronounced than in over-all women's apparel. Best-sellers were dress shirts, neckwear and lightweight suits. The call for children's apparel advanced appreciably over a week earlier.

The usual pre-Easter drop in the buying of household goods continued last week. Moderate year-to-year declines occurred. Retailers of furniture, major appliances and floor coverings reported the most noticeable volume reductions. Purchases of small electric housewares, draperies and garden tools equalled those of a week earlier. Spot reports indicate that sales of new and used passenger cars were steady with the prior week, but remained below a year ago.

Food stores reported higher sales of baked goods, candy, fresh meat and canned goods during the week, while interest in dairy products, poultry and fresh produce was unchanged. The usual upsurge in the buying of eggs occurred.

Some increased buying of print cloths, broadcloths and sateens helped boost over-all volume in cotton gray goods the past week. Although bookings in carpet wool improved in some markets, transactions in woolens and worsteds lagged again. Interest in Fall coatings climbed somewhat over the prior week, but remained below a year ago. New England dyers and finishers reported a moderate pick up in incoming orders.

There were some last minute scattered re-orders for Spring apparel with interest centering primarily on women's fashion accessories, dresses and jewelry and men's furnishings. A marked rise in bookings in women's Summer sportswear and beachwear occurred, but sales of men's sportswear were sluggish. Wholesalers reported a substantial gain from a week earlier in the call for women's Fall sweaters and skirts. Volume in children's Summer merchandise equalled that of the prior week.

The buying of Summer outdoor furniture was close to that of the previous week, but was moderately below a year ago. Retailers slightly increased their orders for air conditioners and fans, but noticeable year-to-year declines prevailed. Purchasers of hardware, building materials, paint and garden implements heightened and were close to last year. Wholesale volume in floor coverings, draperies and linens lagged again during the week.

Food buyers stepped up their purchases of canned goods, frozen foods and baked goods, while interest in poultry, fresh meat and dairy products was unchanged from a week earlier. Another considerable rise in rice buying appreciably reduced wholesale stocks.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended April 5, 1958, increased 11% above the like period last year. In the preceding week March 29, 1958 an increase of 2% was reported. For the four weeks ended April 5, 1958 an increase of 2% was reported. For the period Jan. 1, 1958 to April 5, 1958 a decrease of 1% was recorded below that of 1957.

Retail trade sales volume in New York City last week suffered from inclement weather which reduced purchases by 10% to 20% under the level of the corresponding period in 1957, trade observers estimated.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended April 5, 1958 advanced 19% above that of the like period last year. In the preceding week, March 29, 1958 an increase of 11% was reported. For the four weeks ended April 5, 1958, an increase of 8% was registered. For the period Jan. 1, 1958 to April 5, 1958 an increase of 3% was registered above that of the corresponding period in 1957.

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Outlook for Drug Industry

conducive to price competition. Productive capacity was excessive, a situation brought about by the demands of the Korean War. In the period 1950 to 1952 the eleven companies expanded gross plant close to 40%. Profits became excessive on several unprotected products of which Penicillin and Streptomycin were the most important. These products also represented a large share of total industry volume. Demand continued to rise but the increase in capacity far exceeded the requirements. In a young and somewhat immature industry it was only natural to expect sharp reductions. Today, capacity is ample but not excessive. A much larger percentage of total volume is in patent protected specialty products. The companies are to a much greater extent dependent upon one another and, above all, management has learned the serious consequences of price competition. Barring another war an impairment of profits from this source is doubtful in the next few years.

Bright Long Run Outlook

From the growth standpoint the outlook for the pharmaceutical companies appears exceedingly bright. All the evidence points to at least a maintenance of the past 10% annual rate and possibly an acceleration. On the demand side a rising level, particularly abroad, can be easily seen. Factors enhancing this demand, such as an aging population and rising world health standards, are well known. However, several factors on the supply side are not generally recognized.

The future of the industry will be determined largely by the size and productivity of the research effort. We have no accurate method of forecasting the productivity of research but if it only remains constant on the rising level in expenditures, a steady flow of new products is assured. The dollar increase in the research effort in the postwar period has been tremendous and accelerating. In 1957 alone industry expenditures of $127 million were 16% above the 1956 level. Federal medical research expenditures of $186 million were 35% above the previous year and 12 times the 1945 level. Data are accumulating rapidly in these programs. Although luck continues to play an important role in the discovery of new products, the age of tailor-made drugs is approaching rapidly. The evidence can be seen in the remarkable advances taking place in the field of virology where scientists have made "synthetic" viruses. Whether by luck or design the outlook for new products is excellent. The rate of discovery may even increase.

In addition to the favorable outlook there are certain other factors that are of real value to the investor. They are largely unique to this industry.

Other Strong Factors

(1) The competitive position of the industry is unusually strong. Its products do not compete for a larger share of the consumer dollar. Sick people are desperate. If they can buy a measure of relief from an ailment, the purchase of most other goods and services will be deferred. Its markets are protected against invaders by the research and marketing obstacles. It takes many years and millions of dollars to build a successful research organization. Few companies are willing to make this investment. Successful selling depends on the creation of the medical profession's confidence. The best method is through personal contact by company representatives. However, doctors are extremely busy and have little time to give to detail men. Many, in fact, instruct their nurses and secretaries to limit the number of meetings. The big five or six companies have relatively easy access to the doctor but all others find difficulty without a major new product development. The several firms that attempted to enter the field in the early postwar years have found this to be the unhappy case.

(2) The industry is spared the expense of a large share of the research effort. Much of the basic work is performed by Philanthropic organizations and the Federal Government. By nature basic research is uneconomic but a definite requirement for the advancement of pharmaceutical research over the longer term. The cost saving to the industry is very substantial. In the foreign field our domestic companies have an additional source of basic and pharmaceutical research. In the past it has proven a good low cost source for new products.

(3) A relatively small fixed capital requirement has important financial advantages. The companies can pay out 50% of earnings in dividends, provide for a 10 to 15% annual growth factor and build cash to purchase new products or companies. The advantage lies in one of the highest returns on invested capital in all industry. Operating profits before depreciation and interest for the 11 companies were 29% of gross assets in 1957. This compares with 18% for 20 leading companies in thirteen industries in the same year. As long as the large investment in research and promotion can be written off in the income statement, a high return on capital seems assured.

In 1957 sales of the eleven companies increased 16% which is the largest gain in the postwar period. The unusually favorable performance was the result of an extension of markets, relatively stable foreign currencies, and a very high incidence of upper respiratory diseases in the fall of the year. Profit margins expanded on the higher level in sales. Consequently, the rise in net income at 24% was greater than that in sales. Dividends rose 17%.

Modest Sales Gain in 1958

Looking ahead through 1958 sales are expected to continue to gain but the rate should decline substantially, probably to the area of 3 to 5%. Unquestionably, the stimulus to sales from the fall Flu epidemic borrowed from the 1958 growth factor. Most companies will report good gains in the first half of 1958 but it will be difficult to show favorable comparisons in the second half. With the expected sales gains coming largely in the wide margin specialty products profit margins should be well maintained and may possibly increase slightly. Combined with a lower effective tax rate not earnings are expected to rise 5 to 10%. Higher dividends and possibly a number of stock splits are likely.

In recent months drug stocks have experienced a substantial rise. The rise has been partly a reflection of the relatively favorable outlook for 1958 and the remainder a recognition of the intrinsic value of these stocks. The eleven companies are currently valued at 15 times 1958 earnings. In comparison six major chemical concerns excluding du Pont which is believed to be in a class by itself, are valued at 21 times earnings. Operating results of the drugs have outperformed the chemicals in almost every area in the postwar period. The factors favoring the drugs warrant ratios at least as high as that of the chemicals. These factors are: (1) the prospect of a 10% annual increase in sales over the longer term; (2) a firm competitive position that is close to unique; (3) a large portion of the expenditure to provide future growth (research) is financed by others; (4) the stockholder's equity is protected from dilution by a high return on capital.

F. T. C. Investigation

Whether the full gap in price-earnings ratios between the groups will be closed during the current year is difficult to forecast. It will depend partly on the conclusions, recommendations, and outgrowth of the F. T. C. investigation of the antibiotics industry which is currently scheduled for publication in the latter part of April. It will also depend on second half sales and earnings comparisons. In any event the prospects for at least modest appreciation in drug stocks before the end of 1958 appear favorable.

G. H. Nielsen With Dean Witter & Co.

(Special to THE FINANCIAL CHRONICLE)

VISALIA, Cal.—Glenn H. Nielsen has become associated with Dean Witter & Co., 411 South Locust Street. Mr. Nielsen was formerly local Manager for Hooker & Fay and prior thereto was a partner in Davidson & Co.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—James P. Dolan has joined the staff of Paine, Webber, Jackson & Curtis, 209 South La Salle Street.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Joseph S. Ewalt has been added to the staff of Bache & Co., Minneapolis Grain Exchange Building.

Continued from first page

A Program to Speed the Return of Prosperity

basis of the wise counsel we have heard against government's "doing too much, too soon."

But, on the other hand, government must also beware of the danger of "doing too little, too late." After inventories have been reduced to a proper relationship with sales; after productivity has risen; after managerial efficiency has been stimulated; after investment plans have been corrected; after the steam has been exhausted under the inflationary boiler, a continuation of the recession no longer serves any useful purpose. Indeed, it becomes an evil of growing magnitude. The longer it continues, the more society loses in the form of the goods and services that the unemployed could have produced, if they were employed. The unemployed workers tend to get rusty in their skills; and their families begin to suffer deprivation, as unemployment benefits run out and savings are depleted. Most important, the **confidence** people feel in the future gradually becomes depleted. If the business situation is permitted to continue to deteriorate beyond a certain point, the reservoir of confidence people have in the future will drain away. Then, a cumulative process of decline can set in. A spiral of shrinking demand can prolong and deepen the slump. It will make much stronger anti-recessionary action by the government necessary.

So government's action must be **timely** to avoid **both** intervention too soon and on too large a scale, and use of recession-fighting measures that come too late or are too weak to reverse the decline. It is a delicate and difficult matter of judgment for governmental officials to know when the time for decisive anti-recession measures has come.

Time for Action Has Come

It is my judgment that this time is at hand.

So far, this business recession has lasted about eight months, and has involved a 3.0% decline in the annual rate of gross national production. In the recession of 1953-54, there was a 3.3% drop in GNP over a period of about 11 months. However, there were two powerful sustaining factors in 1954 not present today. One was the rapid expansion of Western Europe, which kept U. S. exports high. The other was the underlying strength of demand for new plant and equipment. Today, flagging business in Western Europe has cut U. S. exports sharply; and there is redundant capacity in many U. S. industries, such as steel and aluminum.

For these reasons it is only prudent to recognize that the current economic recession **may** prove to be a more serious decline than that of 1953-54, or even that of 1948-49. This suggests the need for remedial actions by the Federal Government at least as strong as those taken in 1954. Up to the present time, **not as much** has been done, either to ease credit or to reduce taxes.

Criticizes Dilatory Action

Within a year after the beginning of the business setback of 1953-54, tax reductions amounting to nearly $7.5 billion a year had been made. Legal reserve requirements of our commercial banks had been cut by four percentage points for New York and Chicago banks, and by two percentage points for other banks, adding an estimated $17 billion of lending power to the commercial banking system. A revised Internal Revenue law and other actions had greatly stimulated private investment through accelerated depreciation and other means. It is well to recall that our Federal Government met the last economic recession with much more powerful stabilizing actions than it has taken so far.

While economic forecasting is a notoriously risky occupation, I do not see convincing evidence either that the present recession has run its course or that we stand on the verge of an economic recovery. In the long run, we may count upon a strong expansion of Federal, state, and local government expenditure, and an ultimate resurgence of consumer buying, to bring about renewed growth of the U. S. economy. In the months ahead, the important question is whether our government should take major anti-recessionary measures, or should wait further on the chance that they may prove unnecessary. I believe the risks of further delay outweigh the advantages. In the first place, moderate stimulation given now, when business and consumer confidence is still unimpaired, has a good chance of succeeding, while the risk of waiting is that drastic measures may be necessary after confidence has been impaired. In the second place, a prolongation of this recession is damaging our position in the world. It is hurting the ecomomies of friendly and neutral countries, and giving aid and comfort to the Communists (who have always maintained that Capitalism suffered from the fatal defect of instability). It is no exaggeration to say that early restoration of prosperity in the United States is essential to our own national security and to 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 toward cheaper and easier credit by reducing further the legal reserve requirements of all Federal Reserve banks and by open market purchases of U. S. Government securities. The two cuts of one-half a percentage point each, made in February and March, have been "too little and too late." The previous reductions in rediscount rate have had little more than symbolic value.

Second: Acceleration of national security procurement. The Administration should further speed up both the letting of new contracts for military equipment and its payments on completed contracts.

Third: Acceleration of public works. The Administration and Congress should accelerate all Federal public works programs, including military and educational construction, as well as post office and interstate highway projects.

Fourth: Tax reduction. The Administration and Congress should now agree to let the special excise taxes on automobiles and other products expire on July 1; to let the tax on corporation income fall from 52% to 47%, in order to increase both the incentive and the ability of business firms to maintain a high level of expenditure on plant and equipment; and to reduce personal income taxes in all brackets about 7%. This would involve a tax reduction "package" of about $5 billion, of which about $800 million would represent excise tax cuts, about $1.7 billion a corporation income tax cut, and about $2.5 billion a personal income tax reduction.

Easier Credit

Let me say a word about each of these measures in a pro-prosperity program.

Easier credit: So far during the current business recession, the Federal Reserve authorities have failed to take **timely** and **decisive** action to reduce the cost and increase the availability of bank credit. On Feb. 18, the Board of Governors reduced legal reserves of all classes of member banks by half a percentage point (thus freeing $550 million of reserves and potentially adding about $3.0 billion of commercial bank credit to the economy), and last month another reduction of similar amount was made. Such credit relaxation as has occurred so far has resulted mainly from repayment of loans by businessmen, who have been reducing their inventories.

The decline in business apparently began in August 1957. Nearly three months elapsed before the Federal Reserve authorities shifted from a policy of credit restraint to one of passive ease, and four more months passed before there was a definite policy of "active ease." Today, the total money supply (demand deposits plus currency outside banks) is actually less than it was a year ago. Total Federal Reserve bank credit outstanding, in the form of holdings of U. S. Government securities and bankers' acceptances, is almost the same as it was a year ago. While the reserve position of the member banks has shifted from one of $1½ billion of net borrowings from the System to one of $½ billion of "free reserves, it has been a very modest shift, accounted for entirely by a reduction of member bank borrowings from the System rather than by an increase in System credit to the member banks. Is **this** a truly flexible monetary policy?

To judge from public statements by Chairman Martin, the Federal Reserve System is inclined to minimize both the probable extent and duration of the current business decline, and the contribution that monetary ease could make to an early and vigorous recovery. After eight months of decline, what is the Federal Reserve System doing to hasten a revival? It is hard to avoid the conclusion that our Federal Reserve authorities are trying to fight the next inflation, rather than the present recession!

A flexible monetary policy cannot by itself assure a resumption of prosperity, to be sure; and no one knows how potent a stimulus it could be. The point is that so far it has not been given a full trial. There has been delay and caution when the situation has called for promptness and vigor. A failure to use monetary policy to the full extent — our most powerful and flexible anti-recession weapon—makes it more necessary to make changes in Federal tax and expenditure programs, which are in their nature less flexible and less reversible.

The Federal Reserve should now cut the legal reserve requirements of member banks by one or two percent more. It should pump cash into the hands of the banks through open market purchases of government securities. By putting the banking system into a highly liquid position, the Federal Reserve can induce bankers to look for ways of employing idle funds, and thus drive down long-term interest rates, which so far have not moved down very much from their high level of last autumn.

Accelerated Defense Spending

Acceleration of National Security Procurement: The country needs bolder and faster action to accelerate our national security program. This should be done, not mainly because it would help stop the recession, but because the national security urgently needs strengthening. The U. S. economy is big enough, productive enough, and growing fast enough to support a national security program that will give our country **unquestioned** military superiority. There is no good reason why we should not have it. No longer should we, or our allies, live in doubt that we are maintaining a narrow margin of military strength over the Soviet Union, or keeping up with them.

We need to adopt **long-range** research and development and military procurement programs. This is not only the most economic way to "buy" national security because it gives continuity to our efforts, but it also helps to prevent business fluctuations. Actually, our vacillating policy toward national security has been the most unstable element of the U. S. economy since World War II. National security expenditures have followed a "roller coaster" pattern. They plummeted from $90 billion in 1945 to $12 billion in 1948. Then they skyrocketed up to $52 billion during 1953, and dropped again to $4 billion in 1956. Now they are slowly on their way up again. Have we not yet learned that the Cold War will go on for decades? Can't Congress lay out an adequate long-run program which, if it cannot contribute to economic stability, is at least not de-stabilizing? Let us put an end to cycles of famine and feast in our national security effort.

Acceleration of Public Works: The third point in a program of anti-recession action is acceleration of public works. Like acceleration of national security expenditures, this is something that should be done for its own sake to promote the growth of the economy. The fact that it will help arrest recession and speed the resumption of prosperity is a happy coincidence — a kind of "extra dividend."

President Eisenhower has announced a program of post office construction and modernization, and Congress has moved to speed up the interstate highway building program. This is good, as far as it goes, but it will not add much to demand in the current year. We also need a speed-up of military construction, other public buildings, and a school construction aid program.

Unorthodoxy in Tax Cuts

Tax Reduction: The fourth element of an anti-recession program is tax reduction. My proposal for a "package" of excise, corporate and personal income tax cuts may appear unorthodox. Most people think only of a cut in their personal income taxes when tax reduction is proposed. In my opinion, a tax cut so limited will not be most stimulative to the economy at the present time. The soft spot in our economy is not aggregate consumer expenditure. Consumer spending has held up very well, so far. The weak sectors are business spending for plant and equipment, and consumer spending upon automobiles. I propose that the Administration and Congress agree now to let the corporate income tax rate fall on July 1, as now scheduled, from 52% to 47%. The effect would be to enhance profits, to reduce prices, and to encourage business corporations in programs of plant modernization and improvement. Removal of the excises on autos would give a fillup to the sagging automobile industry.

Many persons assert that a cut in the corporate income tax would not stimulate business expenditures on plant and equipment for the reason that many industries have excess plant capacity. While this is true of some industries, such as steel and aluminum, it is not true of many others. Moreover, a large fraction of plant and equipment expenditure is made in order to modernize operations and cut costs rather than to increase capacity. Reduced corporation taxes would enable many firms now short of cash to finance such improvements.

While excess capacity in some industries has been one factor in the downward revision of plant and equipment purchasing, the reduced liquidity of business firms and the progressive squeeze of costs on profits are also important factors. In the last quarter of 1955, corporate profits after taxes were running at an annual rate of $23 billion; by the middle of 1957 the profit rate had fallen to $21 billion and is continuing to fall. The drop in profits caused businessmen's expectations to become dimmer; and downward revisions have been made in their modernization and expansion plans. A five-point corporate tax cut under present circumstances promises to be a powerful influence in moderating the impending sharp decline of plant and equipment expenditure. It should be remembered that business spending on plant and equipment is "high-powered" spending, resulting in several additional dollars of consumer spending on final products for each additional dollar used to buy capital goods. The leverage of an increase in capital spending on the economy is much greater, per dollar of tax reduction, than is the case with an increase in consumer expenditure.

There will be at least two objections raised to the anti-recession (or prosperity) program I have recommended. It will be said, first of all, that this program will get the country back into deficit financing. It will be said, secondly, that this program increases the danger of future inflation. Let us analyze these two objections which are in the minds of many well-meaning people.

The first point to make in regard to deficit financing is that, much as we may regret it, the Federal Government **already** faces a deficit in the current fiscal year. The 1958 deficit was officially estimated by Budget Director Stans this week at around $1.5 billion, and it will become larger as the business recession reduces the tax base, which is the amount of personal income and corporate profits on which taxes are paid. A $5 billion "package" tax cut would, of course, immediately increase the deficit now being automatically generated by the business recession. However, if the tax cut did serve to revive private expenditures by business firms and consumers; if it did shorten the recession and speed a vigorous recovery, it would expand the tax base and could readily **reduce** the Federal deficit that would otherwise exist. Our experience in combatting the recession of 1953-54, when we reduced taxes by nearly $7.5 billion on an annual basis, indicates that there is a very good probability that, over a period of two or three years, tax reduction would **reduce** rather than increase the amount of deficit financing by the Federal Government. Under these circumstances, tax reduction would, paradoxically, operate as a deficit-reducing measure! Since tax reduction can only operate to increase private demand, and will not serve to reduce it, we have nothing to lose by moving promptly in this direction.

Price Inflation Spectre

This brings us to the second objection to tax reduction—that it increases the danger of price inflation. I do not deny that there is a **latent** danger of renewed price inflation in the United States. I have little doubt that two or three years hence inflation may again become an **active** threat to the dependability of the dollar and the stability of the cost of living. Americans have, in the past, shown a greater tolerance of inflation than they have shown toward unemployment. Our Federal Government has therefore, in the past, taken more decisive steps to combat recession than to resist inflation. It is a good thing that more people today are aware of the great social costs of inflation than has been the case in the past. But the primary economic problem facing the U. S. today is 5,200,000 people out of work—more than 7% of the labor force—**not** a rising cost of living. The real cost of living has not changed significantly during the past six months.

We must deal with today's economic problem today. The new awareness of the danger of inflation is a good omen. But it should be expressed by taking resolute steps for dealing with inflation if and when it reappears in the future; not by reducing our willingness to curb recession today. This means that later on, after a high level of employment and production has been restored, and inflationary pressures reappear, we must be prepared promptly and decisively to restrict credit, to raise taxes, or to take other steps to curb excessive demand. This is not the place to describe all elements of an anti-inflationary program. I wish only to emphasize that the Federal Government needs to maintain a flexible attitude toward economic policies in the interests of contributing to steady economic growth without inflation.

The anti-recession actions I propose meet two important tests. First, they involve the taking of actions which strengthen the forces of long-run growth of the economy, and which are desirable on grounds **other** than getting the country out of a recession and back on the road to prosperity. Secondly, they involve actions which can be modified or reversed, in the event the economic situation changes and we are again faced with inflationary demand.

We badly need to push along the national highway system, water resources development, and educational facilities, in order to pave the way for further economic growth. We must achieve and maintain **unquestioned** military superiority, something we lack today. To rid our tax system of excessively high burdens on corporate enterprise, and of vexatious sales taxes which limit the markets for commodities, is part of a program for long-run structural reform of the Federal tax system. All these elements of an anti-recession program are justified on the ground that they strengthen the U. S. economy. So far as the proposal to make a **bold** move toward monetary ease is concerned, this is an anti-recession action which can, if circumstances require it, be very quickly modified or reversed.

I am not "a prophet of gloom and doom." I do not assert that failure to act now will lead to economic catastrophe. On the contrary, I have great confidence in the basic strength of the U. S. economy, and in its ability to resume economic growth in the long run. During the years immediately ahead, it is clear that Federal, state and local government expenditures will be rising by $6 to $7 billion every year. In the face of this, there cannot be a deep depression. Our choice at the present time is not between a brief recession and a deep depression. The real choice lies between a longer recession with a slow and halting recovery, on the one hand, and a shorter recession, followed by a more rapid rate of economic expansion, on the other hand. All I am saying is that, if we can have the latter, why ought we to be satisfied with the former?

Investment Banking Group Offers $96,877,000 In Massachusetts Various Purpose Bonds

Bankers Trust Company, The Chase Manhattan Bank, The First National City Bank of New York, The First National Bank of Chicago, Lehman Brothers, The First Boston Corporation, Halsey, Stuart & Co. Inc., and Phelps, Fenn & Co. are joint managers of the investment banking group that is offering publicly today (April 17) a total of $96,877,000 in Commonwealth of Massachusetts 2¼ and 3% various purpose bonds at prices to yield from .85% for those due 1959, to 3.25% for the 1989-98 maturities. The group was awarded the bonds at competitive sale on a bid of 100.7695, a net interest cost of 2.9204%.

Rated Aa by Moody's and A-1 plus by Standard & Poor's, the bonds are direct general obligations of the Commonwealth 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 taxable property therein.

The issues consist of: $75,450,000 in highway improvement, capital outlay, highway flood relief, recreational and flood control bonds; $17,607,000 in drainage and flood control, sewerage, beach erosion and water bonds; and $3,820,000 in capital outlay, veterans' services and sewerage loan bonds.

Among those associated with the managers in the offering are: Chemical Corn Exchange Bank; Guaranty Trust Company of New York; J. P. Morgan & Co. Inc.; Blyth & Co., Inc.; Harriman Ripley & Co. Inc.; Smith, Barney & Co.; Salomon Bros. & Hutzler; Goldman, Sachs & Co.; Harris Trust and Savings Bank; Continental Illinois National Bank and Trust Company of Chicago.

The Northern Trust Company; C. J. Devine & Co.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co.; Glore, Forgan & Co.; Kidder, Peabody & Co.; Drexel & Co.; The Philadelphia National Bank; R. W. Pressprich & Co.; L. F. Rothschild & Co.; Blair & Co.; Incorporated.

Merrill Lynch, Pierce, Fenner & Smith; The First National Bank of Boston; White, Weld & Co.; Mercantile Trust Company St. Louis; Seattle-First National Bank; Ladenburg, Thalmann & Co.; Bear, Stearns & Co.; Carl M. Loeb, Rhoades & Co.; F. S. Moseley & Co.; Shields & Company; Stone & Webster Securities Corporation; Paine, Webber, Jackson & Curtis.

The First National Bank of Portland, Oregon; The Boatmen's National Bank of St. Louis; A. C. Allyn and Company Incorporated; Equitable Securities Corporation; B. J. Van Ingen & Co. Inc.; G. H. Walker & Co.; Hornblower & Weeks; Hemphill, Noyes & Co.; Dean Witter & Co.

Continued from page 15

Short-term Uncertainties and Long-term Growth Needs

all the forces of future growth which were so surely present last year are still with us, and some fluctuation above and below the basic growth trend has been and should be expected. With a level of $600 billion GNP we can expect personal income at a level of $430 billion, disposable income at about $380 billion, and automobile credit extensions at about $25 billion per year.

However, it is important to realize that to attain this growth, we as institutions and we as a nation will have to face some of the facts we have heretofore preferred to sweep under the rug. The future growth for which we hope is primarily based on technology, a fact widely recognized. Technology includes the nation's labor force and resources. More important, it includes the research and development now in our laboratories which will insure not only rising productivity, the basis of growth, but also a host of new products which will create a variety of new demands and new needs. In short, the growth projections do not simply expect 1965 to be a bigger 1957, but also a much richer and more varied version as well.

There is another, and to financial people, more important aspect of this growth; more important if for no other reason than because it is not generally recognized or is obscured. In order to reach GNP of $600 billion, the U. S. will have to increase the level of debt outstanding, both public and private, to some $1,000 billion, from about $700 billion at the end of 1957. The trillion dollar debt includes government, business, consumer, mortgage and all forms of debt. A debt level of a trillion dollars may sound large, and it is large, but it implies an increase of some $300 billion above current levels, a figure comparable to the $291 billion increase since 1947.

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 product. This relationship has persisted at least since 1916, **except** for periods of depression. The assumption of reasonably full employment in the years ahead makes a continued existence of this ratio likely and it is desirable. The following table shows the ratio for a few selected years.

	GNP (billions)	Debt	Ratio
1916	$49	82	1.67
1929	105	191	1.84
1950	285	490	1.72
1955	387	656	1.70
1957	434	708	1.63

SOURCE: Department of Commerce and Economic Report of the President 1957 p. 170.

A consistent relationship also holds for example between the money supply and GNP and there are other usable ratios as well. But for simplicity, debt-GNP has been selected.

Now, this relationship is an important consideration for finance people in at least two ways. First, it explains in good measure what is happening today. Second, it shows us some of the directions we must take to stay in tune with the future.

With respect to the current situation, it explains the role of government spending. The simple fact is that if the private sector of the economy—consumers and businesses—will not step forward to assume more debt, the government must **if** we are to get back to full employment. It is estimated that with tax cuts and/or deficit spending, the government deficit will be an additional $10 to $15 billion by 1959. The private sector could probably borrow this much. Excess reserves in the banking system could provide $4 billion of new loans; other sources could provide most of the balance. But the private sector just is not borrowing enough, so the government must.

Our national attitude toward debt and economic growth has been a little confused. Most people want growth, but do not like debt. In this 12th year of the Full Employment Act it is high time we recognized we cannot have growth without debt. Debt is credit looked at differently and our economy cannot work without credit, related in amount, as we have seen, to the level of GNP.

I am not saying that business or consumers should borrow—or lenders should grant—unsound loans they cannot support. I realize the recession has **forced** government debt to rise. I do not even say it is an unmixed blessing. We all know that when the economy gets going again the possibility of inflation is enhanced by this new government debt. And I for one fear new inflation may well have many bad consequences, including more talk of direct controls on consumer credit or industry. But we all know that the "goal" of the American economy has become full employment and no political party can ignore it. Hence, we must continue to see debt rise, to see GNP rise, to see full employment of a rising population. To repeat, if not private, then perforce public debt.

As to the second consideration, staying in tune with the future, the question about the growth of debt is whether we as financial institutions will be able to provide it. It is, of course, easy to say we will provide all the credit the nation needs. But can we really unless we take appropriate steps now? As this is a banker's meeting let's look at the role of the banking system in the recent past and in the foreseeable future with $600 billion GNP and a trillion dollar debt.

It has been noted that total public and private debt grew by some $290 billion in the decade through 1957 and will need to grow even more in the decade ahead to support a $600 billion GNP. What forces were at work on the banking system in the past decade? What can we learn from this recent past applicable to the immediate future—to a future so close that it should affect your behavior not next year but next week.

Bank Growth and Profits

Let's look at the record. That record is the analysis of the past decade in banking prepared by the Economic Policy Commission of the ABA.[1] While no one can do full justice to this excellent and meaty analysis in a few short quotes, the conclusions from the study are nevertheless inescapable: namely, that increased profits are vital to an increase in capital account, without which bank growth cannot keep up with the needs of the economy.

The ABA-Economic Policy study makes the point more clearly and authoritatively than I can. Let me quote.

Pointing to rising costs of banking in relation to income, the study says, "As a result, the rise in gross operating earnings has not led to any improvement in the ratio of net to gross earnings. For every $100 of gross earnings in 1956, banks received $38 of net earnings, exactly the same as in 1946."

After tax profits have actually shrunk in relation to gross earnings. Quote, "Indeed the carry over into net has dropped from 32% of gross operating earnings in 1946 to 17% in 1956; from 24% (for the five years) 1946-51 to 19% in 1952-6."

In order to keep a conservative and sound ratio of deposits to capital, the study shows it has been necessary to increase capital account by 73% since 1946, while net profits increased 35%. Quote "As a result, the average rate of profits declined from 8.4% in 1946-50 to 8.2% in 1951-6. In 1956, the rate of profits was 7.8%, compared with 10% in 1946." The ratio of deposits to capital is a very key point because if we are to have the kind of financial and bank deposit growth the economy needs in the years ahead capital accounts will have to be expanded as much as they have been and probably more. There is a public interest implicit in keeping up with the economy's growth.

Against the record of a 73% increase in bank capitalization since 1946, let us think of the problem that lie ahead when your institutions will be called upon to handle the further enormous increases in deposits and loans that will fall to the share of the banking system as our economy grows to a $600 billion GNP, and combined public and private debt total $1,000 billion.

Must Expand Banking

To an economist a marked increase in the growth of the banking system is essential to the expansion of the nation's economy. This expansion **must** be accomplished if we are to fulfill the needs of the next decade's increasing population, increase in family formation and enhanced technological capacity. I speak, of course, of such matters as prices that will yield a higher return on instalment operations, building and maintaining a skilled organization, sound accounting methods, a sensible approach to terms, avoidance of losses, the building of adequate reserves to protect depositors, and all the other operating practices that are mandatory if any bank's instalment credit department is to operate more satisfactorily and profitably.

The future of America's financial community is tied to the great growth for this nation which surely lies ahead. Whether we utilize our opportunity well or badly depends upon the wisdom of the steps we take now, and in the future. We should be prepared to go forward, in the words of one of our great Presidents, "with a strong and active faith".

1 Reprinted in *Banking* Magazine in November-December 1957.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

• Adams Engineering Co., Inc. (4/24)
April 1 filed $2,000,000 of 6½% convertible sinking fund debentures, due 1968, and 250,000 outstanding shares of class A common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — From debentures—to retire indebtedness due on first mortgage on plant and equipment and to repay other debt; and for new construction, equipment, and other corporate purposes. The shares of common stock are to be sold for selling stockholders. **Underwriter**—Cruttenden, Podesta & Co., Chicago, Ill.

Aeronca Manufacturing Corp.
Feb. 10 (letter of notification) 5,000 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To go to selling stockholder. **Office**—Germantown Road, Middletown, Ohio. **Underwriter**—Greene & Ladd, Middletown, Ohio.

American-Caribbean Oil Co. (N. Y.)
Feb. 28 filed 500,000 shares of common stock (par 20¢). **Price**—To be supplied by amendment. **Proceeds** — To discharge current liabilities and to drill ten wells. **Underwriters**—To be named by amendment.

American Mutual Investment Co., Inc.
Dec. 17 filed 490,000 shares of capital stock. **Price**—$10.20 per share. **Proceeds**—For investment in first trust notes, second trust notes and construction loans. Company may develop shopping centers and build or purchase office buildings. **Office** — 900 Woodward Bldg., Washington, D. C. **Underwriter** — None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

★ American Telephone & Telegraph Co.
April 11 filed 7,000,000 shares of capital stock (par $100) to be offered to employees of company and its subsidiaries, under one or more offerings, in according with the Employees' Stock Plan authorized by stockholders on Jan. 15, 1958.

Ampco Mfg. Co.
March 31 (letter of notification) $275,000 of 10-year 7% convertible debentures due May 1, 1968 and 27,500 shares of common stock (par 10 cents) to be offered in units of $100 of debentures and 10 shares of stock. **Price**—$101 per unit, plus accrued interest on the debentures. **Proceeds**—To increase working capital; relocation for a new plant; leasehold improvement and security deposits. **Office**—9 River Road, Morristown, N. J. **Business**—Manufacture of electronic electric equipment and components. **Underwriter**—Cortlandt Investing Corp., New York, N. Y.

Anderson Electric Corp.
Dec. 23 (letter of notification) 14,700 shares of class B common stock (par $1). **Price**—$12 per share. **Proceeds**—To go to selling stockholders. **Office** — 700 N. 44th Street, Birmingham, Ala. **Underwriters** — Cruttenden, Podesta & Co., Chicago, Ill.; and Odess, Martin & Herzberg, Inc., Birmingham, Ala.

Anita Cobre U. S. A., Inc., Phoenix, Ariz.
Sept. 30 filed 85,000 shares of common stock. **Price**—At par ($3.75 per share). **Proceeds**—For investment in subsidiary and working capital. **Underwriter**—Selected Securities, Inc., Phoenix, Ariz.

Arnold, Hoffman & Co., Inc.
March 28 (letter of notification) 20,697 shares of common stock (par $10) to be offered to stockholders at the rate of one new share for each share held of record April 22, 1958. **Price** — $12.50 per share. **Proceeds**—To New York Life Insurance Co. and for working capital. **Office**—55 Canal St., Providence, R. I. **Underwriter**—None.

Atlantic City Electric Co. (4/21)
March 19 filed $10,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and Drexel & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly); Lee Higginson Corp.; Kuhn, Loeb & Co.; American Securities Corp. and Wood, Struthers & Co. (jointly). **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on April 21.

Australia (Commonwealth of) (4/22)
April 3 filed $25,000,000 of 15-year bonds due May 1, 1973. **Price**—To be supplied by amendment. **Proceeds**—To finance various public works projects. **Underwriter**—Morgan Stanley & Co., New York.

• Avionics Corp. of America (4/21-25)
March 14 (letter of notification) 99,125 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For repayment of construction loan and for working capital. **Office**—Belfield & Wister Sts., Philadelphia, Pa. **Underwriter**—Milton D. Blauner & Co., New York, N. Y.

Bankers Fidelity Life Insurance Co.
Feb. 28 filed 258,740 shares of common stock (par $1), of which 125,000 shares are to be offered publicly and 133,740 shares to employees pursuant to stock purchase options. **Price**—To public, $6 per share. **Proceeds**—For expansion and other corporate purposes. **Office** — Atlanta, Ga. **Underwriter**—None.

• Bankers Management Corp. (5/7)
Feb. 10 filed 400,000 shares of common stock (par 25 cents.) **Price**—$1 per share. **Proceeds**—To reduce outstanding indebtedness and for working capital. **Office**—Houston, Texas. **Underwriter** — McDonald, Holman & Co., Inc., New York.

★ Bankers Southern, Inc., Louisville, Ky.
April 14 filed 8,934 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For general corporate purposes. **Underwriter** — Bankers Bond Co., Louisville, Ky.

Bishop Oil Co., San Francisco, Calif.
Feb. 27 filed 112,565 shares of common stock (par $2) to be offered for subscription by common stockholders on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For reduction of bank loans, expansion and general corporate purposes. **Underwriter**—Hooker & Fay, San Francisco, Calif. **Offering**—Has been deferred.

Blacksmith Shop Pastries Inc., Rockport, Mass.
Sept. 17 (letter of notification) $100,000 of 6½% debentures dated Sept. 16, 1957 and due Sept. 15, 1972 and 40,000 shares of capital stock (par $1) to be offered in units of one $50 debenture and 20 shares of capital stock. **Price**—$90 per unit. **Proceeds**—To retire mortgage notes and for working capital. **Underwriter**—Mann & Gould, Salem, Mass.

★ Brooklyn Union Gas Co. (5/21)
April 16 filed $22,000,000 first mortgage bonds due 1983. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Blyth & Co., Inc., and F. S. Moseley & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly); White, Weld & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on May 21.

★ Brookridge Development Corp.
April 10 (letter of notification) 60,000 shares of common stock (par $1). **Price**—At the market. **Proceeds** — For corporate purposes; buying and selling of mortgages and secured loans. **Office** — 901 Seneca Ave., Ridgewood, Queens, N. Y. **Underwriter**—None.

★ Buckeye Pipe Line Co., New York
April 9 filed $375,000 interests in the Thrift Plan for Employees of the company and other Buckeye corporations, together with 10,000 shares of common stock which may be acquired pursuant thereto.

Builders Loans Inc.
March 27 (letter of notification) 40,000 shares of 17½c preferred stock (par $1). **Price**—$2.50 per share. **Proceeds** — To selling stockholder. **Office** — Los Angeles, Calif. **Underwriter**—Daniel D. Weston & Co., Inc., Beverly Hills, Calif.

★ Burgermeister Brewing Corp., San Francisco, Calif. (4/30)
April 10 filed voting trust certificates for 60,000 outstanding shares of capital stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

Campbell Chibougamau Mines Ltd.
March 10 filed 606,667 shares of capital stock (par $1), of which 506,667 were issued in connection with the acquisition of all the assets of Yorcan Exploration Ltd. (latter proposes to distribute said shares ratably to its stockholders of record Dec. 16, 1957). The remaining 100,000 shares are to be sold for the account of the Estate of A. M. Collings Henderson on the American and Toronto Stock Exchanges. **Price**—At market. **Proceeds**—To selling stockholders. **Office**—Toronto, Canada. **Underwriter**—None.

Central Hudson Gas & Electric Corp.
April 1 filed $18,000,000 of first mortgage bonds, due 1988. **Price**—To be supplied by amendment. **Proceeds**—To repay short-term notes and for new construction. **Underwriter** — To be named by amendment (probably Kidder, Peabody & Co., New York).

Central Mortgage & Investment Corp.
Sept. 12 filed $5,000,000 of 20-year mortgage bonds and 500,000 shares of common stock (par five cents) to be offered in units of $100 of bonds and 10 shares of stock. **Price**—$100.50 per unit. **Proceeds**—For purchase of first mortgages or to make first mortgage loans and for construction business. **Office**—Miami Beach, Fla. **Underwriter**—Aetna Securities Corp., New York. **Offering**—Date indefinite. Statement effective March 12.

Chess Uranium Corp.
May 14 (letter of notification) 600,000 shares of common stock (par $1—Canadian). **Price**—50 cents per share (U. S. funds). **Proceeds**—For exploration costs, etc. **Office**—5616 Park Ave., Montreal, Canada. **Underwriter**—Jean R. Veditz Co., Inc., 160 Broadway, New York.

Commerce Oil Refining Corp.
Dec. 16 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Consolidated Edison Co. of N. Y., Inc. (6/3)
March 3 filed $50,000,000 of first and refunding mortgage bonds, series O, due June 1, 1988. **Proceeds**—To retire short-term bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—To be received by company up to 11 a.m. (EDT) on June 3.

★ Cosmos Industries, Inc., Long Island City, N. Y.
April 16 filed 280,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—To pay bank loans and for working capital and other corporate purposes. **Underwriter**—Netherlands Securities Co., Inc., of New York.

Counselors Research Fund, Inc., St. Louis, Mo.
Feb. 5 filed 100,000 shares of capital stock, (par one cent). **Price**—At market. **Proceeds**—For investment. **Underwriter** — Counselors Research Sales Corp., St. Louis. Robert H. Green is President.

Cubacor Explorers, Ltd.
Oct. 28 (letter of notification) 600,000 shares of common stock (par $1-Canadian). **Price**—50 cents per share-U. S. funds. **Proceeds** — For exploration and drilling costs. **Office** — Suite 607, 320 Bay St., Toronto, Ont., Canada. **Underwriter**—Stratford Securities Co., Inc., 135 Broadway, New York. **Offering**—Postponed indefinitely.

Cuban-Venezuelan Oil Voting Trusts, Havana, Cuba
March 31 filed 767,838 units of voting trust certificates, each certificate representing the ownership of one share of common stock (par one-half cent) in each of 24 Cuban companies. **Price** — To be supplied by amendment. **Proceeds**—For capital expenditures, exploration costs and other corporate purposes. **Underwriter**—None.

Daybreak Uranium, Inc., Opportunity, Wash.
Jan. 29 filed 1,156,774 shares of common stock (par 10 cents), of which 630,000 shares are to be offered for account of company and 526,774 shares for selling stockholders. **Price**—At market. **Proceeds**—For exploration and drilling costs and other corporate purposes. **Underwriter**—Herrin Co., Seattle, Wash.

Diapulse Manufacturing Corp. of America
Jan. 29 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—276 Fifth Ave., New York, N. Y. **Underwriter**—None.

Digitronics Corp.
Feb. 12 (letter of notification) 140,000 shares of class B capital stock (par 10 cents). **Price** — $1.50 per share. **Proceeds**—For general corporate purposes. **Office**—Albertson Avenue, Albertson, Long Island, N. Y. **Underwriter**—Cortlandt Investing Corp., 135 Broadway, New York 6, N. Y.

• Directomat, Inc. (4/21-25)
March 17 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital and payment of current liabilities. **Office**—Hotel Roosevelt, Madison Ave. and 45th St., New York 17, N. Y. **Underwriters**—James Anthony Securities Corp. and Norton & Co. both of New York City; Schwerin, Stone & Co., Great Neck, N. Y.; and Mac Robbins & Co., Inc., Jersey City, N. J.

Disc, Inc., Washington, D. C.
Oct. 10 filed 400,000 shares of class A common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For investment. **Business**—Purchase and development of real property, and acquisition of stock of business enterprises. **Underwriter**—None. Irving Lichtman is President and Board Chairman.

Dixon Chemical & Research, Inc.
Dec. 24 filed 165,625 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For expansion and general corporate purposes. **Office** — Clifton, N. J. **Underwriter**—P. W. Brooks & Co., Inc., New York. **Offering**—Indefinitely postponed. Other financing may be arranged.

• Domestic Finance Group Inc. (4/18)
April 3 (letter of notification) 30,000 shares of 70-cent cumulative preferred stock, series A. **Price**—At par ($10 per share). **Proceeds**—For general corporate purposes. **Office**—112A North Green St., P. O. Box 3467, Greensboro, N. C. **Underwriters**—United Securities Co., Greensboro, N. C. and McCarley & Co., Asheville, N. C.

★ Donnelly (R. R.) & Sons, Chicago, Ill.
April 16 filed $15,000,000 of debentures due May 15, 1978. **Price**—To be supplied by amendment. **Proceeds** — For improvements and additions to plant and equipment. **Underwriter**—Harriman Ripley & Co. Inc., New York.

• Dresser Industries, Inc.
Feb. 28 filed 128,347 shares of common stock (par 50¢) being offered in exchange for outstanding common stock of the Elgen Corp. on the basis of one share of Dresser Industries common for 3.4 shares of Elgen's common. No exchanges will be made unless the exchange offer is accepted by the holders of at least 80% of the outstanding Elgen common, and Dresser will not be obligated to consummate any exchanges unless the offer is accepted by the holders of at least 95% of the outstanding Elgen common. The offer will expire on June 17, unless extended. **Underwriter**—None.

Ethodont Laboratories, Berkeley, Calif.
Feb. 20 filed 300,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To cover operating expense during the development period of the corporation. **Underwriter**—None.

Ex-Cell-O Corp., Detroit, Mich.
Nov. 25 filed 88,000 shares of common stock (par $3) to be offered in exchange for common stock of Bryant Chucking Grinder Co. of Springfield, Va., at rate of

four-tenths of an Ex-Cell-O share for each full Bryant share. Offer will become effective upon acceptance by holders of not less than 209,000 shares (95%) of all common stock of Bryant outstanding. Underwriter—None.

Expanded Shale Products, Inc., Denver, Colo.
Jan. 29 filed 60,000 shares of common stock (par $1) and $180,000 of 6% callable unsubordinated unsecured debenture notes due 1960-1964 to be offered in units of $600 of notes and 200 shares of stock. **Price**—$1,000 per unit. **Proceeds**—For construction of plant, working capital and other corporate purposes. **Underwriter**—Minor, Mee & Co., Albuquerque, N. M.

Famous Virginia Foods Corp.
Jan. 30 (letter of notification) 19,500 shares of common stock (par $5) and 390 common stock purchase warrants to be offered in units of 50 shares of stock and one warrant. **Price**—$500 per unit. **Proceeds**—For equipment and working capital. **Office**—922 Jefferson St., Lynchburg, Va. **Underwriter** — Whitney & Co., Inc., Washington, D. C.

Farrar Drilling Co.
Feb. 3 (letter of notification) 150,000 shares of common stock (par five cents). **Price**—$2 per share. **Proceeds**—For oil and gas drilling expenses. **Office**—316 Rogers Bldg., Mt. Vernon, Ill. **Underwriter**—Paul A. Davis & Co., Miami, Fla.

Fidelity Bankers Life Insurance Corp., Richmond, Va.
March 7 filed 450,000 shares of common stock (par $1) to be offered for subscription by holders of outstanding stock on a pro rata basis; thereafter the balance remaining, if any, will be offered to the public. **Price**—$5 per share to stockholders; and to the public at a price to be determined. **Proceeds** — For expansion and other corporate purposes. **Underwrter**—None.

● **First Backers Co., Inc., Clifton, N. J. (4/28)**
April 7 filed $1,000,000 of 12% notes, payable nine months after date of issue in units of $100 or in 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 homes and secured by mortgages or other liens upon the improved properties. **Underwriter**—None.

First International Fire Insurance Co.
Aug. 26 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For capital and surplus and for first year's deficit. **Office**—3395 S. Bannock St., Englewood, Colo. **Underwriter** — American Underwriters, Inc., Englewood, Colo.

First Leaseback Corp., Washington, D. C.
Nov. 27 filed 500,000 shares of class A common stock (par five cents). **Price** — $5 per share. **Proceeds** — To purchase properties. **Underwriter** — Whitmore, Bruce & Co., Washington, D. C.

Fluorspar Corp. of America
Dec. 26 filed 470,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For exploration work and working capital. **Office** — Portland, Ore. **Underwriter**—To be named by amendment. Sol Goldberg is President.

Forest Laboratories, Inc.
March 26 filed 150,000 shares of capital stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For sales promotion of company's products, working capital, additional inventory and accounts receivable, for research and development and for other general corporate purposes. **Office**—Brooklyn, N. Y. **Underwriters**—H. Carroll & Co., Denver, Colo.; and Alfred L. Powell Co., New York.

Four Corners Oil & Gas Co. (4/28-5/2)
March 25 filed 400,000 shares of common stock. **Price**—$3 per share. **Proceeds**—To pay off debts and for drilling and exploration costs **Underwriters**—Paine, Webber, Jackson & Curtis, Boston, Mass.; and Campbell, McCarty & Co., Inc., Detroit, Mich.

Freeman Electric Construction Co., Inc.
Nov. 27 (letter of notification) 100,000 shares of common stock (par 10 cents) **Price**—$3 per share. **Proceeds**—To reduce accounts payable, etc., and for working capital and general corporate purposes. **Office** — New York. **Underwriter**—Harris Securities Corp., New York City.

General Aniline & Film Corp., New York
Jan. 14, 1957 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1). **Proceeds**—To the Attorney General of the United States. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Lehman Brothers, and Glore, Forgan & Co. (jointly). **Bids**—Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.

General Credit, Inc., Washington, D. C.
Aug. 17, 1956 filed $2,000,000 of 6% subordinated sinking fund debentures, due Sept. 1, 1971, with detachable warrants to purchase 160,000 shares of participating preference stock, to be offered in units of $500 of debentures and 40 warrants. **Price**—$500 per unit. **Proceeds**—For expansion and working capital. **Underwriter**—None named. Offering to be made through selected dealers. Application is still pending with SEC.

General Devices, Inc., Princeton, N. J.
March 31 (letter of notification) 40,000 shares of common stock (par $1) to be offered for subscription by stockholders at the rate of approximately 18.5 shares for each 100 shares held about April 15; unsubscribed shares to public. **Price**—$3.50 per share. **Proceeds**—For expansion, equipment and working capital. **Underwriter**—None.

General Electronics Distributors Inc.
Feb. 10 (letter of notification) 2,090 shares of common stock (par $25) to be offered to stockholders until May, 1958, then to the public. **Price**—$42 per share. **Proceeds**—For loans payable to bank, inventory and working capital. **Office**—735 Main Street, Wheeling, W. Va. **Underwriter**—None.

★ **Getty Oil Co., Wilmington, Del.**
April 11 filed 2,170,545 shares of common stock (par $4) to be offered in exchange for capital stock (par $5) of the Mission Development Co., on basis of one share of Getty stock for each 1.2 shares of Development stock, or five shares of Getty for six shares of Development stock.

● **Glassheat Corp. (5/5-9)**
Feb. 12 (letter of notification) 150,000 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—1 E. 35th Street, New York 16, N. Y. **Underwriter**—James Anthony Securities Corp., 37 Wall St., New York 5, N. Y.

Gly Inc.
March 4 (letter of notification) 300,000 shares of common stock (par 30 cents). **Price**—$1 per share. **Proceeds**—For acquisition, development and operation of oil and gas properties. **Office**—Bacon Bldg., 5th & Pine Sts., Abilene, Texas. **Underwriter** — Barth Thomas & Co., Inc., New York.

Great Divide Oil Corp.
Oct. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To pay balance on oil and gas properties, and unsecured notes and for drilling and working capital. **Office**—207 Newhouse Bldg. Salt Lake City, Utah. **Underwriter**—Birkenmayer & Co., Denver, Colo

Guardian Insurance Corp., Baltimore, Md.
Aug. 16 filed 300,000 shares of common stock, of which 200,000 shares are to be publicly offered and the remaining 100,000 shares reserved for issuance upon exercise of warrants which are to be sold at 25 cents per warrant to organizers, incorporators, management, and/or direc-

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NEW ISSUE CALENDAR

April 17 (Thursday)
Piedmont Natural Gas Co., Inc. ---- Common
(Offering to stockholders—to be underwritten by White Weld & Co.) 51,183 shares

April 18 (Friday)
Domestic Finance Group Inc. ---- Preferred
(United Securities Co. and McCarley & Co.) $300,000
Traid Corp. ---- Common
(D. A. Lomasney & Co.) $300,000

April 19 (Saturday)
Sierra Pacific Power Co. ---- Common
(Offering to stockholders) 57,362 shares

April 21 (Monday)
Atlantic City Electric Co. ---- Bonds
(Bids 11 a.m. EST) $10,000,000
Avionics Corp. of America ---- Common
(Milton D. Blauner & Co.) $297,375
Directomat, Inc. ---- Common
(James Anthony Securities Corp.; Norton & Co.; Schwerin, Stone & Co.; and MacRobbins & Co.) $300,000
Linair Engineering, Inc. ---- Debentures & Com.
(Dempsey-Tegeler & Co.) $300,000
Penn Dairies, Inc. ---- Common
(Stroud & Co., Inc.) $168,750
Peoples Natural Gas Co. of S. C. ---- Debs. & Com.
(Scott, Horner & Co.) $566,250
Southern Pacific Co. ---- Equip. Trust Ctfs.
(Bids noon EST) $8,220,000

April 22 (Tuesday)
Commonwealth of Australia ---- Bonds
(Morgan Stanley & Co.) $25,000,000
Springfield Fire & Marine Insurance Co. ---- Common
(Exchange offer—The First Boston Corp. and Kidder, Peabody & Co. will act as dealer-managers) 1,000,000 shares

April 23 (Wednesday)
Lykes, Bros. Steamship Co., Inc. ---- Common
(Morgan Stanley & Co.) 400,000 shares
Maine Fidelity Life Insurance ---- Common
(Offering to stockholders—to be underwritten by P. W. Brooks & Co., Inc.) 50,000 shares
Potomac Electric Power Co. ---- Debentures
(Offering to stockholders—to be underwritten by Johnston, Lemon & Co., and Dillon, Read & Co. Inc.) $19,700,000
Southern Counties Gas Co. of California ---- Bonds
(Bids to be invited) $15,000,000

April 24 (Thursday)
Adams Engineering Co., Inc. ---- Debentures
(Cruttenden, Podesta & Co.) $2,000,000
Adams Engineering Co., Inc. ---- Common
(Cruttenden, Podesta & Co.) 250,000 shares
Olen Co., Inc. ---- Class A Common
(R. S. Dickson & Co.) 100,000 shares
Pittsburgh & Lake Erie RR. ---- Equip. Trust Ctfs.
(Bids noon EST) $3,900,000

April 25 (Friday)
Technology Instrument Co. ---- Common
(S. D. Fuller & Co.) $2,600,000

April 28 (Monday)
First Backers Co., Inc. ---- Notes
(Offering not underwritten) $1,000,000
Four Corners Oil & Gas Co. ---- Common
(Paine, Webber, Jackson & Curtis, and Campbell, McCarty & Co. Inc.) $1,200,000
Long Island Arena, Inc. ---- Debens. & Common
(Dunne & Co.) $750,000
Puget Sound Power & Light Co. ---- Bonds
(Bids noon EDT) $30,000,000

April 29 (Tuesday)
Philadelphia Electric Co. ---- Bonds
(Bids noon EDT) $40,000,000
Portland General Electric Co. ---- Common
(Blyth & Co., Inc.) 300,000 shares
Sierra Pacific Power Co. ---- Bonds
(Bids 11 a.m. EST) $3,000,000

April 30 (Wednesday)
Burgermeister Brewing Corp. ---- Common
(Blyth & Co., Inc.) 60,000 shares
Long Island Lighting Co. ---- Common
(Offering to stockholders—to be underwritten by Blyth & Co., Inc.; The First Boston Corp., and W. C. Langley & Co.) 691,027 shares
Montreal (City of) ---- Debentures
(Bids may be invited) $35,000,000
Southern Nevada Telephone Co. ---- Preferred
(Dean Witter & Co.) $1,500,000
Southern Nevada Telephone Co. ---- Common
(Dean Witter & Co.) 70,000 shares
Tele-Broadcasters, Inc. ---- Common
(Sinclair Securities Corp.) $130,000
Texas Co. ---- Debentures
(Dillon, Read & Co. Inc.) $150,000,000

May 1 (Thursday)
Industro Transistor Corp. ---- Common
(S. D. Fuller & Co.) 150,000 shares
Virginian Railway Co. ---- Bonds
(Bids noon EDT) $12,000,000

May 5 (Monday)
Glassheat Corp. ---- Common
(James Anthony Securities Corp) $300,000

May 6 (Tuesday)
New Jersey Power & Light Co. ---- Bonds
(Bids 11 a.m. EDT) $7,500,000

May 7 (Wednesday)
Bankers Management Corp. ---- Common
(McDonald, Holman & Co., Inc.) $400,000

May 9 (Friday)
Wisconsin Power & Light Co. ---- Common
(Offering to stockholders—to be underwritten by Smith, Barney & Co. and Robert W. Baird & Co., Inc.) 241,211 shares
Wisconsin Power & Light Co. ---- Preferred
(Offering to stockholders—to be underwritten by Smith, Barney & Co. and Robert W. Baird & Co., Inc.) $3,000,000

May 12 (Monday)
Public Service Co. of Oklahoma ---- Bonds
(Bids to be invited) $16,000,000
Thompson (H. I.) Fiber Glass Co. ---- Common
(Shearson, Hammill & Co.) 125,000 shares

May 13 (Tuesday)
United Gas Improvement Co. ---- Bonds
(Bids 11 a.m. EDT) $15,000,000

May 14 (Wednesday)
Long Island Lighting Co. ---- Bonds
(Bids 11 a.m EDT) $20,000,000

May 15 (Thursday)
One William Street, Fund, Inc. ---- Common
(Lehman Brothers) $37,500,000

May 19 (Monday)
Gulf States Utilities Co. ---- Bonds
(Bids to be invited) $20,000,000
Gulf States Utilities Co. ---- Common
(Bids to be invited) 240,000 shares

May 20 (Tuesday)
Illinois Power Co. ---- Bonds
(Bids to be invited) $25,000,000
New York Telephone Co. ---- Bonds
(Bids noon EDT) $60,000,000

May 21 (Wednesday)
Brooklyn Union Gas Co. ---- Bonds
(Bids 11 a.m. EDT) $22,000,000
Public Service of Colorado ---- Preferred
(The First Boston Corp., Blyth & Co., Inc. and Smith Barney & Co.) $16,000,000

May 27 (Tuesday)
Appalachian Electric Power Co. ---- Bonds
(Bids 11 a.m. EST) $25,000,000

May 29 (Thursday)
Illinois Bell Telephone Co. ---- Common
(Offering to stockholders—no underwriter) $87,079,200

June 3 (Tuesday)
Consolidated Edison Co. of N. Y. Inc. ---- Bonds
(Bids 11 a.m. EST) $50,000,000

June 10 (Tuesday)
Virginia Electric & Power Co. ---- Bonds or Debs.
(Bids to be invited) $25,000,000

June 11 (Wednesday)
New England Power Co. ---- Bonds
(Bids to be invited) $10,000,000

June 17 (Tuesday)
Community Public Service Co. ---- Debentures
(Bids to be invited) $3,000,000
Oklahoma Gas & Electric Co. ---- Bonds
(Bids to be invited) $15,000,000

July 1 (Tuesday)
Florida Power Corp. ---- Bonds
(Bids to be invited) $25,000,000

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tors. **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — None.

Hofmann Industries, Inc., Sinking Spring, Pa.
Dec. 20 filed 227,500 shares of common stock (par 25 cents) to be offered in exchange for outstanding common shares of Van Dorn Iron Works Co. **Underwriter**—None.

Home Owners Life Insurance Co.
Nov. 1 filed 50,000 shares of class A common stock to be offered to the public at $5 per share and 116,366 shares of class B common stock to be offered to stockholders at $6 per share at the rate of two new shares for each five shares held. **Proceeds**—For working capital. **Office**—Fort Lauderdale, Fla. **Underwriter**—None.

Horlac Mines, Ltd.
Nov. 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To repay loan, to purchase equipment and machinery and for working capital. **Office**—1551-A Eglinton Ave. West, Toronto 10, Ont., Canada. **Underwriter**—D'Amico & Co., Inc., Buffalo, N Y

Houghton Mifflin Co.
April 1 (letter of notification) 434 shares of common stock (par $100) to be offered to stockholders of record March 12, 1958. **Price**—$115 per share. **Proceeds**—To be added to the general funds of the company. **Office** — 2 Park St., Boston, Mass. **Underwriter**—None.

● **Industro Transistor Corp. (N. Y.) (5/1)**
Feb. 28 filed 150,000 shares of common stock (par 10 cents). **Price**—To be related to the market price. **Proceeds**—For working capital and to enlarge research and development department. **Underwriter** — S. D. Fuller & Co., New York.

★ **Insurance Co. of North America, Philadelphia, Pa.**
April 11 filed 55,000 shares of capital stock (par $5) to be offered pursuant to company's Employees' Stock Subscription Plan of 1950 to employees of company and certain affiliated companies.

Janaf, Inc., Washington, D. C.
July 30 filed $10,000,000 of 5½-8% sinking fund debentures due Aug. 1, 1972 and 100,000 shares of common stock (par 20 cents) to be offered in units of a $1,000 debenture and 10 shares of stock, or a $100 debenture and one share of stock **Price**—Par for debenture, plus $2 per share for each 10 shares of stock. **Proceeds**—For construction of a shopping center and other capital improvements; for retirement of present preferred shares; and for working capital, etc. **Underwriter**—None

★ **Keystone Chemurgic Corp., Bethlehem, Pa.**
April 2 (letter of notification) $150,000 of 15-year 6% convertible debentures due Jan. 1, 1973. **Price**—At par (in units of $1,000 each). **Proceeds**—For working capital. **Address**—R. D. No. 1, Bethlehem, Pa. **Underwriter**—None.

Lefcourt Realty Corp., New York
Jan. 29 filed 250,000 shares of common stock (par 25 cents). **Price**—To be supplied by amendment. **Proceeds**—For development of property in Florida. **Underwriter**—Frank M. Cryan Co., Inc., New York.

Life Insurance Securities Corp., Portland, Me.
March 28 filed 1,000,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds**—To acquire stock control of "young, aggressive and expanding life and other insurance companies and related companies and then to operate such companies as subsidiaries." **Underwriter**—First Maine Corp., Portland, Me.

● **Linair Engineering, Inc., Inglewood, Calif. (4/21)**
March 24 filed $200,000 of 6% convertible subordinated debentures, due April 1, 1973, and 100,000 shares of capital stock (par $1) to be offered in units consisting of $500 of debentures and 250 shares of stock. **Price**—$750 per unit. **Proceeds**—To finance increased inventories and the cost of engineering new products, to acquire new machinery and equipment, and for working capital. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Long Island Arena, Inc., Commack, N. Y. (4/28)
April 7 filed $730,000 of 6% debentures due April 1, 1970, and 75,000 shares of common stock (par 10c) to be offered in units of $100 of debentures and 10 common shares. **Price** — $100 per unit. **Proceeds** — For general corporate purposes, including construction of the Arena. **Underwriter**—Dunne & Co., New York on a best-efforts basis.

● **Long Island Lighting Co. (4/30)**
April 8 filed 691,027 shares of common stock (par $10) to be offered for subscription by common stockholders at rate of one new share for each 10 shares held on April 29, 1958; rights to expire on May 15, 1957. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Blyth & Co., Inc.; The First Boston Corp., and W. C. Langley & Co.

Long Island Lighting Co. (5/14)
April 8 filed $20,000,000 of first mortgage bonds, series J, due 1988. **Proceeds**—To retire bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co. Inc. (jointly); W. C. Langley & Co.; Smith, Barney & Co. **Bids** — Expected to be received at City Bank Farmers Trust Co., 2 Wall St., New York, N. Y., up to 11 a.m. (EDT) on May 14.

Lorain Telephone Co., Lorain, Ohio
Dec. 13 (letter of notification) 1,785 shares of common stock (no par) being offered for subscription by common stockholders at the rate of one new share for each 62.52 shares held as of Feb. 25, 1958; rights to expire on May 1, 1958. **Price**—$23 per share. **Proceeds**—For additions and improvements. **Office** — 203 West 9th St., Lorain, Ohio. **Underwriter**—None.

Lykes Bros. Steamship Co., Inc. (4/23)
March 28 filed 400,000 shares of common stock (par $10), of which 300,000 shares are to be sold for the account of the company and 100,000 shares for three selling stockholders. **Price** — To be supplied by amendment. **Proceeds**—To company, to help finance replacement of vessels making up its present fleet of 54 ships. **Office**—New Orleans, La. **Underwriter**—Morgan Stanley & Co., New York.

★ **M. A. C. Credit Co., Inc., Miami, Fla.**
April 9 filed $300,000 of fourth serial 8% debentures due 1963 (in denominations of $500 each) and 300 shares of common stock (no par), each purchaser of $1,000 face amount of debentures to be permitted, but not required, to purchase one share of common stock at $200. **Price**—$450 per $500 debenture. **Proceeds**—To be added to company's general funds and will be used to expand its outstanding loans. **Underwriter**—None.

● **Maine Fidelity Life Insurance Co. (4/23-25)**
March 26 filed 50,000 shares of capital stock (par $4) to be offered for subscription by stockholders at the rate of one new share for each share held (with an oversubscription privilege). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Portland, Me. **Underwriter** — P. W. Brooks & Co., Inc., New York.

Mayfair Markets
March 24 (letter of notification) 5,000 shares of 6% cumulative preferred stock (par $50) and 5,000 shares of common stock (par $1) to be offered in units of one share of preferred and one share of common stock. **Price**—$60 per unit. **Proceeds**—For working capital. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

Merrimack-Essex Electric Co.
Feb. 11 filed $20,000,000 of first mortgage bonds, series C, due 1988. **Proceeds**—Together with other funds, to redeem a like amount of 5⅝% series B bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and White, Weld & Co., (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith, and Eastman Dillon Union Securities & Co. (jointly). **Bids**—Which were to have been received on March 10 at 441 Stuart St., Boston 16, Mass., have been indefinitely postponed.

Mineral Basin Mining Corp.
Dec. 30 (letter of notification) 200,000 shares of common stock. **Price** — At par ($1 par value). **Proceeds** — For mining expenses. **Office** — 1710 Hoge Bldg., Seattle 4, Wash. **Underwriter**—None.

★ **Montreal (City of) (4/30)**
April 10 filed $10,500,000 of 1958 serial debentures for public works, due May 1, 1959-65, and $24,500,000 of sinking fund debentures for public works, due Nov. 1, 1978. **Price**—To be supplied by amendment. **Proceeds**—For various public works projects. **Underwriter**—To be named by amendment. If determined by competitive bidding, probable bidders may include: Shields & Co., Halsey, Stuart & Co. Inc., Savard & Hart, and Salomon Brothers & Hutzler (jointly); Lehman Brothers, White, Weld & Co., Eastman Dillon, Union Securities & Co., and Blyth & Co., Inc. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on April 30.

Motel Co. of Roanoke, Inc., Roanoke, Va.
Nov. 18 (letter of notification) 60,000 shares of common stock (par 40 cents). **Price**—$5 per share. **Proceeds**—For purchase of land, construction and working capital. **Underwriter**—Southeastern Securities Corp., New York.

Municipal Investment Trust Fund, Inc. (N. Y.)
May 9 filed 5,000 units of undivided interests in Municipal Investment Trust Fund, Series A. **Price**—At market. **Proceeds**—For investment. **Sponsor**—Ira Haupt & Co. New York.

National Manganese Co., Newcastle, Pa.
March 21 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For mining expenses. **Underwriter**—Johnson & Johnson, Pittsburgh, Pa.

Natural Gas Pipeline Co. of America
Nov. 19 filed $40,000,000 of first mortgage pipeline bonds due 1977. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank loans. **Underwriters** — Dillon, Read & Co. Inc. and Halsey, Stuart & Co. Inc., both of New York. **Offering**—Temporarily postponed.

Nebraska Consolidated Mills Co.
Feb. 6 (letter of notification) 25,000 shares of common stock to be offered to stockholders at the rate of one new share for each 16 shares held. Rights will expire March 15, 1958. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office** — 1521 North 16th St., Omaha 10, Neb. **Underwriter**—None.

● **New England Electric System**
March 14 filed 968,549 shares of common stock (par $1) being offered for subscription by common stockholders at the rate of one new share for each 12 shares held as of April 15, 1958; rights to expire on April 30, 1958. Unsubscribed shares to be offered to employees under a 1958 employee share purchase plan. **Price**—$15 per share. **Proceeds**—For construction and general corporate purposes. **Underwriter**—Carl M. Loeb, Rhoades & Co., Ladenburg, Thalmann & Co., and Wertheim & Co. (jointly).

New Jersey Bell Telephone Co.
Feb. 28 filed $30,000,000 of 35-year debentures due April 1, 1993. **Proceeds**—To redeem a like amount of 4⅞% debentures due 1993 on or about April 28. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; White, Weld & Co. and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp. **Bids**—Were to have been received up to 11 a.m. (EST) on March 25, at Room 2315, 195 Broadway, New York, N. Y. **Offering**—Postponed indefinitely.

New Jersey Power & Light Co. (5/6)
March 31 filed $7,500,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Lehman Brothers, and Salomon Bros. & Hutzler (jointly); Eastman, Dillon, Union Securities & Co., and White Weld & Co. (jointly); The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith; Equitable Securities Corp. **Bids**—Expected to be received up to 11 a.m. , (EDT) on May 6—at the offices of General Public Utilities Corp., 67 Broad St., New York, N. Y.

Nichols, Inc., Exeter, N. H.
Nov. 14 filed 25,000 shares of common stock (no par). **Price**—$27 per share. **Proceeds**—To repay short term bank loans and for working capital. **Business** — Sells hatching eggs and day-old chicks. **Underwriter**—None. George E. Coleman, Jr., is President.

Nortex Associates Inc., Dallas, Texas
Feb. 17 filed $2,000,000 of participating interests in 1958 oil and gas exploration program. Interests are to be offered for public sale in $10,000 units. **Proceeds**—For exploration and development of gas and oil properties. **Underwriter**—None.

★ **North American Properties Corp.**
April 1 (letter of notification) 200,000 shares of class A stock (par 10 cents) and 40,000 shares of class B stock (par one cent) to be offered in units of five shares of class A stock and one share of class B stock. **Price**—51 cents per unit. **Proceeds** — For working capital and to acquire properties. **Office**—1700 Walnut St., Philadelphia 3, Pa. **Underwriter**—None.

★ **North Chesapeake Beach Land & Improvement Co.**
April 1 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For additional acreage and general working capital. **Office**—950 Fifth Ave., Prince Frederick, Md. **Underwriter**—None.

★ **Northern Virginia Doctors Hospital Corp.**
April 4 (letter of notification) 30,000 shares of common stock (par one cent). **Price**—$10 per share. **Proceeds**—For building fund. **Office** — 522 Leesburg Pike, Falls Church, Va. **Underwriter**—Whitney & Co., Washington, D. C.

Nuclear Science & Engineering Corp.
Sept. 20 filed 100,000 shares of common stock (par 25 cents). **Price**—To be supplied by amendment. **Proceeds**—To prepay indebtedness to Norden-Ketay Corp., to purchase additional equipment and for working capital. **Underwriter**—Hayden, Stone & Co., New York. **Offering**—Temporarily postponed because of market conditions.

Oil Inc., Salt Lake City, Utah
April 4 filed 597,640 shares of common stock (par $1) to be offered for subscription by common stockholders of record March 24, 1958 at the rate of 1¼ new shares for each share then held. Employees may purchase 50,000 shares of unsubscribed stock. **Price**—To stockholders, $1.75 per share; and to public, $2 per share. **Proceeds**—For mining, development and exploration costs, and for working capital and other corporate purposes. **Underwriters**—Harrison S. Brothers & Co., and Whitney & Co., both of Salt Lake City, Utah.

★ **Oil & Mineral Operations, Inc., Tulsa, Okla.**
April 14 filed 200,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—For payment of loans, various equipment, and a reserve for future operations. **Business**—To acquire and operate mining claims and oil and gas properties. **Underwriter**—Universal Securities Co., Enterprise Building, Tulsa, Okla.

● **Olen Co., Inc., Mobile, Ala. (4/24-28)**
April 1 filed 100,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce short term trade obligations, to finance the opening of new units and to increase inventories. **Business**—Retail stores. **Underwriter**—R. S. Dickson & Co., Charlotte, N. C.

One William Street Fund, Inc. (5/15)
April 7 filed 3,000,000 shares of capital stock (par $1). **Price** — $12.50 per share. **Proceeds** — For investment. **Business** — To become open-end company following termination of this offering. **Underwriter** — Lehman Brothers, New York.

O. T. C. Enterprises Inc.
March 6 (letter of notification) 23,200 shares of common class B stock (par $1). **Price**—$5 per share. **Proceeds**—For completion of plant plans; land; construction and operating expenses. **Office**—2502 N. Calvert St., Baltimore 18, Md. **Underwriter**—Burnett & Co., Sparks, Md.

Palestine Economic Corp., New York
March 31 filed $2,000,000 of 5% notes, due Oct. 1, 1963 to be offered in two types: (a) interest-bearing notes with interest payable at the rate of 5% and at an offering price of 100% of principal amount; and (b) capital-appreciation notes, at a discount from maturity value so as to yield 5% compounded semi-annually. **Proceeds**—For making investments and loans in companies or enterprises that the corporation is already financially interested in, or for other corporate purposes. **Underwriter**—None.

Pecos Valley Land Co., Carlsbad, N. Mex.
March 13 filed 2,000,000 shares of common stock (par 10 cents), of which 300,000 shares are to be offered for sale by the company and 1,700,000 shares by the present holders thereof. **Price**—$1 per share. **Proceeds**—From sale of the 300,000 shares, to be used to pay 6% mortgage notes and interest and to pay back tax claims, and interest due on the note to Mr. Harroun. **Underwriter**—Wiles & Co., Dallas, Texas.

● **Penn Dairies Inc. (4/21)**
March 25 (letter of notification) 50,000 shares class A non-voting common stock (par $5). **Price**—$3.37½ per share. **Proceeds**—To selling stockholders. **Office**—572 N. Queen St., Lancaster, Pa. **Underwriter** — Stroud & Co., Inc., Philadelphia, Pa.

Peoples Natural Gas Co. of So. Carol. (4/21-25)
March 31 filed $375,000 of 20-year 7% debentures due 1978 and 45,000 shares of common stock (par $1) to be offered in units of $25 of debentures and three shares of stock. **Price**—$37.75 per unit. **Proceeds** — To repay notes and 5% mortgage bonds, for construction, and other corporate purposes. **Office**—Florence, N. C. **Underwriter**—Scott, Horner & Co., Lynchburg, Va.

Peoples Protective Life Insurance, Co.
March 27 filed 310,000 shares of common stock (par $1), consisting of 62,000 shares of class A-voting stock and 248,000 shares of class B-non-voting stock to be offered in units consisting of one class A and four class B shares. **Price** — $75 per unit. **Proceeds** — For working capital and for development of district offices in the states where the company is currently licensed to do business. **Office**—Jackson, Tenn. **Underwriter**—None. R. B. Smith, Jr., is President and Board Chairman.

Philadelphia Electric Co. (4/29)
April 3 filed $40,000,000 of first and refunding mortgage bonds due 1988. **Proceeds**—To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co.; Morgan Stanley & Co. and Drexel & Co. (jointly). **Bids** —Expected to be received up to noon (EDT) on April 29.

★ **Philadelphia Suburban Water Co.**
April 15 filed $4,000,000 first mortgage bonds due 1988. **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—Drexel & Co., Philadelphia, Pa.

● **Piedmont Natural Gas Co., Inc. (4/17)**
March 26 filed 51,183 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each 10 shares held as of April 17, 1958 (with an oversubscription privilege); rights to expire on May 1, 1958. **Price**—To be supplied by amendment. **Proceeds** — Togther with funds from private sale of $3,500,000 5½% first mortgage bonds due Feb. 1, 1983, to be used to repay bank loans and to finance construction program. **Underwriter** — White, Weld & Co., New York.

Pleasant Valley Oil & Mining Corp.
Sept. 30 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds** — For geological studies, reserve for contingent liability, for machinery and equipment and other reserves. **Office** — 616 Judge Bldg., Salt Lake City, Utah **Underwriter**—Steven Randall & Co., Inc., New York.

Policy Advancing Corp.
March 25 (letter of notification) 30,250 shares of common stock (par $5) to be offered for subscription by common stockholders at the rate of one new share for each share held; unsubscribed shares to be offered to debenture holders and to others. **Price**—$8 per share. **Proceeds**—For working capital. **Office**—27 Chenango St., Binghamton, N. Y. **Underwriter**—None.

★ **Portland Gas & Coke Co.**
March 31 (letter of notification) 25,000 shares of common stock (par $9.50) to be offered to employees pursuant to Employee Stock Purchase Plan. **Price**—At 92% of the opening bid price of the common stock on the offering date. **Proceeds**—To reimburse its treasury for purchase of shares. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriter**—None.

★ **Portland General Electric Co. (4/29)**
April 10 filed 300,000 shares of common stock (par $7.50). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used in part to repay bank loans and any balance for construction program. **Underwriter**—Blyth & Co., Inc., New York, San Francisco and Portland (Ore.)

Potomac Electric Power Co. (4/23)
April 4 filed $19,700,000 of convertible debentures due May 1, 1973 to be offered for subscription by common stockholders of record April 22, 1958 on the basis of $100 of debentures for each 30 shares held; rights to expire on May 6, 1958. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriters**—Dillon, Read & Co. Inc., New York, and Johnston, Lemon & Co., Washington, D. C.

★ **Potomac Plastic Co.**
March 31 (letter of notification) $50,000 of 6% subordinated convertible debentures and 57,500 shares of class A common stock (par one cent) to be offered in units of 500 shares of stock and $500 of debentures. **Price**—$1,000 per unit. **Proceeds** — For equipment and working capital. **Office**—1550 Rockville Pike, Rockville, Md. **Underwriter**—Whitney & Co., Inc., Washington, D. C.

Prairie Fibreboard Ltd.
Feb. 28 filed 210,000 shares of common stock (par $1.50) to be offered for sale to residents of Canada in the Provinces of Manitoba, Saskatchewan and Alberta and to residents of the United States "only in the State of North Dakota." **Price** — $2.50 per share. **Proceeds** — For construction purpose. **Office** — Saskatoon, Saskatchewan, Canada. **Underwriter**—Allied Securities Ltd., Saskatoon, Canada.

★ **Preferred Life Insurance Co. of America**
March 31 (letter of notification) 5,721 shares of capital stock (par $10) and 5,721 warrants to be offered in units of one share of stock and one warrant to buy one additional share. **Price**—$15 per unit. **Proceeds**—For company's capital and surplus. **Office**—1001 Tatnall St., Wilmington, Del. **Underwriter**—None.

★ **Preston House Sire Plan, Inc.**
April 10 (letter of notification) $140,000 of 10-year 6% debentures (in units of $50 each) and 2,800 shares of 6% cumulative non-callable participating preferred stock (par $50) to be offered in units of one debenture and one preferred share. **Price**—$100 per unit. **Proceeds** — To finance acquisition of title to an apartment house. **Office** —115 Chambers St., New York 7, N. Y. **Underwriter**—Sire Plan Portfolios, Inc., New York.

★ **Public Service Co. of Oklahoma (5/12)**
April 14 filed $16,000,000 of first mortgage bonds, series G, due May 1, 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; and Shields & Co. (jointly); Blyth & Co., Inc.; Salomon Bros. & Hutzler; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co. (jointly); The First Boston Corp.; Glore, Forgan & Co.; Equitable Securities Co. **Bids**—Expected May 12.

Puget Sound Power & Light Co. (4/28)
March 21 filed $30,000,000 of first mortgage bonds due May 1, 1988. **Proceeds**—To redeem $20,000,000 of 6¼% first mortgage bonds due 1987 and to retire bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Lehman Brothers (jointly); Stone & Webster Securities Corp., The First Boston Corp. and Smith, Barney & Co. (jointly). **Bids**—To be received at 90 Broad St., New York, N. Y., up to noon (EDT) on April 28.

Resolite Corp., Zelienople, Pa.
March 4 (letter of notification) 20,000 shares of common stock (no par) to be offered pro-rata to stockholders, then to the public. **Price**—$7.50 per share. **Proceeds** —To pay notes payable and bank loans and for working capital. **Underwriter**—None.

Rockcote Paint Co.
March 21 (letter of notification) 14,250 shares of 7% cumulative preferred stock (par $10) and 10,000 shares of common stock (par $1). **Price**—For preferred stock, $10.25 per share; for common stock, $8 per share. **Proceeds**—For working capital. **Office**—200 Sayre St., Rockford, Ill. **Underwriter** — The Milwaukee Co., Milwaukee, Wis.

Rocky Mountain Quarter Racing Association
Oct. 31 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To repay outstnding indebtedness. **Office** — Littleton, Colo. **Underwriter**—R. B. Ford Co., Windover Road, Memphis, Tenn.

Samedan Associates, Inc., Ardmore, Okla.
March 24 filed 98,613 shares of common stock (par $10). **Price**—$14.25 per share. **Proceeds**—For working capital, acquisition, development, and exploration of oil and gas properties. **Underwriter**—None.

Schering Corp., Bloomfield, N. J.
Sept. 19 filed 278,983 shares of 5% cumulative convertible preferred stock (par $30) and 418,475 shares of common stock (par $1) to be issued in exchange for stock of White Laboratories, Inc. (which is to be merged with Schering Corp. effective Sept. 19, 1957) on the basis of one share of preferred stock and 1½ shares of common stock for each White class A or class B common share held. **Underwriter**—None.

★ **Security Savings Life Insurance Co.**
April 7 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For capital and paid-in surplus. **Address**—P. O. Box 763, Montgomery, Ala. **Underwriter**—None.

● **Sentinel Security Life Insurance Co.**
Nov. 27 filed 5,000 shares of common stock (par $10) **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Salt Lake City, Utah. **Underwriter**—None. Statement effective April 9.

● **Sierra Pacific Power Co. (4/19)**
March 25 filed 57,362 shares of common stock (par $7.50) to be offered for subscription by common stockholders of record April 17, 1958 on the basis of one new share for each 12 shares held (with an oversubscription privilege); rights to expire on May 6. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—None.

● **Sierra Pacific Power Co., Reno, Nev. (4/29)**
March 25 filed $3,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co Inc.; Kidder, Peabody & Co.; Stone & Webster Securities Corp. and Dean Witter & Co. (jointly). **Bids**—To be received up to 11 a.m. (EDT) on April 29 at 49 Federal St., Boston, Mass.

Simplicity Pattern Co. Inc.
Oct. 10 filed 155,000 shares of common stock (par $1) **Price**—To be supplied by amendment. **Proceeds**—To two selling stockholders. **Underwriter**—Merrill Lynch, Pierce Fenner & Smith, New York. **Offering** — Indefinitely postponed.

★ **Socony Mobil Oil Co., Inc.**
April 10 filed $23,000,000 of Interests in Employees' Savings Plan, together with 460,000 shares of capital stock (par $15) which may be acquired pursuant to said plan.

Southern Counties Gas Co. of California (4/23)
March 26 filed $15,000,000 first mortgage bonds, series C, due 1983. **Proceeds**—To repay short-term indebtedness to Pacific Lighting Corp. and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith; The First Boston Corp. **Bids**—Expected to be received up to 8:30 a.m. (PST) on April 23.

Southern Electric Steel Co.
Dec. 23 (letter of notification) $300,000 of 6% second mortgage serial bonds (with common stock purchase warrants). **Price**—At par (in denominations of $1,000 each). **Proceeds**—For payment of demand notes payable and working capital. **Office**—2301 Huntsville Road, Birmingham, Ala. **Underwriter**—None.

★ **Southern Nevada Telephone Co., Las Vegas, Nev. (4/30)**
April 10 filed 60,000 shares of cumlative preferred stock (par $25) and 70,000 shares of common stock (par $8). **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans, and for construction program. **Underwriter**—Dean Witter & Co., San Francisco, Calif., and Reno, Nev.

Sovereign Resources, Inc.
Nov. 19 (letter of notification) 1,500 shares of 7% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For construction, payment of promissory note and working capital. **Office**—3309 Winthrop St., Fort Worth, Tex. **Underwriter**—Reilly, Hoffman & Sweeney, Inc., New York, N. Y. **Offering**—Delayed.

● **Springfield Fire & Marine Insurance Co. (4/22)**
March 28 filed 1,000,000 shares of common stock (par $2) to be offered in exchange for capital stock of Monarch Life Insurance Co. at rate of 1¼ shares of Springfield for each Monarch share. The offer will expire at 3:30 p.m. (EDT) on May 29, unless extended. **Dealer-Managers**—The First Boston Corp. and Kidder, Peabody & Co., both of New York.

★ **Standard Dredging Corp.**
April 9 (letter of notification) 33,000 shares of common stock (par $1). **Price**—At market (estimated at about $9 per share). **Proceeds**—To selling stockholders. **Office**—80 Broad St., New York 4, N. Y. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

★ **Standard Oil Co. (Indiana)**
April 14 filed $70,500,000 of Participations in the Employee Savings Plan of the company and certain subsidiary companies, together with 1,740,740 shares of common stock (par $25) which may be acquired to said Plan.

★ **Stewart-Warner Corp.**
April 3 (letter of notification) not to exceed 1,716 shares of capital stock (par $5) to be offered to employees under the company's Stock Pool Plan. **Price**—To be determined by the market price at the close of business on the day the order of purchase is received. **Proceeds**—To purchase securities. **Office**—1826 Diversey Parkway, Chicago, Ill. **Underwriter**—None.

Strategic Minerals Corp. of America, Dallas, Tex.
March 31 filed $2,000,000 of first lien mortgage 6% bonds and 975,000 shares of common stock (par 10 cents). **Price** —For bonds, 95% of principal amount; and for stock $3 per share. **Proceeds**—To erect and operate one or more chemical processing plants using the Bruce - Williams Process to beneficiate manganese ores. **Underwriter**—Southwest Shares, Inc., Austin, Texas.

Symington-Gould Corp., Depew, N. Y.
Feb. 28 filed 593,939 shares of common stock and 263,973 warrants to be issued in exchange for the stock of the Wayne Pump Co. under merger agreement which provides for conversion of each share of capital stock of Wayne Pump into (1) 2¼ shares of common stock of the surviving corporation to be known as Symington Wayne Corp., and (2) an option to purchase an additional share at prices commencing at $10 per share. **Underwriter**—None.

Syntex Corp. (Republic of Panama)
July 24, 1957, filed 1,165,750 shares of common stock to be offered for subscription by common stockholders of Ogden Corp. on the basis of one new share for each four shares held and to holders of options on the basis of one share for each option to purchase four shares of Ogden common stock; unsubscribed shares to be offered to certain employees and officers. The record date for the subscription offering will be the 7th day following the effective date of the registration statement and the subscription period will be approximately 20 days. **Price** —At par ($2 per share). **Proceeds**—To pay outstanding obligations to Ogden Corp. **Underwriter**—None. **Offering**—Expected in near future.

Tax Exempt Bond Fund, Inc., Washington, D. C.
June 20 filed 40,000 shares of common stock. **Price**—$25 per share. **Proceeds** — For investment. **Underwriter**—Equitable Securities Corp., Nashville, Tenn. **Offering**—Held up pending passing of necessary legislation by Congress.

Technology Instrument Corp. (4/25)
March 27 filed 260,000 common shares (par $2.50) of which 204,775 shares are for account of three selling stockholders and 55,225 shares are for account of company. **Price** — $10 per share. **Proceeds** — For working capital and general corporate purposes. **Business** — Develops and manufactures precision potentiometers and other precision electronic components and measuring instruments. **Office**—Acton, Mass. **Underwriter** — S. D. Fuller & Co., New York.

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● Tele-Broadcasters, Inc. (4/30)
March 31 (letter of notification) 40,000 shares of common stock (par five cents). **Price** — $3.25 per share. **Proceeds**—To complete the construction of Station KALI. **Office**—41 East 42nd St., New York, N. Y. **Underwriter**—Sinclair Securities Corp., New York, N. Y.

★ Texas Co. (4/30)
April 10 filed $150,000,000 of debentures due May 1, 1983. **Price**—To be supplied by amendment. **Proceeds** — To prepay outstanding 4% bank loans, due Sept. 4, 1959 ($50,000,000 plus interest) and to supplement the general funds of the company. **Underwriter** — Dillon, Read & Co., Inc., New York.

★ Thompson (H. I.) Fiber Glass Co. (5/12)
April 14 filed 125,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter**—Shearson, Hammill & Co., Los Angeles, Calif.

Timeplan Finance Corp.
March 25 (letter of notification) 27,272 shares of 70-cent cumulative preferred stock (par $5) and 27,272 shares of common stock (par 10 cents) to be offered in units of one share to each class of stock. **Price**—$11 per unit. **Proceeds** — For working capital. **Office** — 111 E. Main St., Morristown, Tenn. **Underwriter**—Valley Securities Corp., Morristown, Tenn.

★ Top Oil & Gas Co., Salt Lake City, Utah
April 15 filed 220,000 shares of common stock, of which 200,000 shares are to be publicly offered. **Price**—$5 per share. **Proceeds**—To drill two new wells and for general corporate purposes. **Underwriter** — Andersen-Randolph Co., Inc., Salt Lake City, Utah.

● Traid Corp. (4/18)
March 31 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For working capital. **Office**—17136 Ventura Blvd., Encino, Calif. **Underwriter** — D. A. Lomasney & Co., 39 Broadway, New York 6, N. Y.

Trans-America Uranium Mining Corp.
Nov. 6 filed 3,000,000 shares of common stock (par one mill). **Price**—25 cents per share. **Proceeds**—For land acquisition, exploratory work, working capital, reserves, and other corporate purposes. **Underwriter**—None. Alfred E. Owens of Waterloo, Ia., is President.

Trans-Cuba Oil Co., Havana, Cuba
March 28 filed 6,000,000 shares of common stock (par 10 cents) to be offered for subscription by holders of outstanding shares of capital stock and holders of bearer shares, in the ratio of one additional share for each share so held or represented by bearer shares. **Price**—50c per share. **Proceeds**—For general corporate purposes, including exploration and drilling expenses and capital expenditures. **Underwriter**—None.

Trans-Eastern Petroleum Inc.
Feb. 27 (letter of notification) 7,500 shares of common stock (par $1) to be offered pro-rata to stockholders on the basis of one new share for 10 shares owned. **Price**—$4 per share. **Proceeds**—For drilling for oil and gas. **Office**—203 N. Main Street, Coudersport, Pa. **Underwriter**—None.

Trask Manufacturing Co.
Dec. 5 (letter of notification) 15,000 shares of common stock (par $5). **Price** — $4.50 per share. **Proceeds** — For working capital and payment of current liabilities. **Address**—Wrightsboro section, 3 miles north of Wilmington, N. C. **Underwriter** — Selected Investments, Wilmington, N. C.

United Artists Associated Inc., New York
March 31 filed $15,000,000 of 6% subordinated sinking fund debentures, due 1963 to be offered in exchange for capital stock and warrants and debentures of Associated Artists Productions Corp.

★ United Gas Improvement Co. (5/13)
April 11 filed $15,000,000 of first mortgage bonds, due May 1, 1983. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and Drexel & Co. (jointly); Blair & Co., Inc.; The First Boston Corp.; Kidder, Peabody & Co.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received at 1401 Arch St., Philadelpehia 5, Pa., up to 11 a.m. (EDT) on May 13.

United States Sulphur Corp.
Oct. 8 filed 1,500,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For plant rental, etc.; to retire corporate notes; for core drilling; for working capital; and for other exploration and development work. **Office** — Houston, Texas. **Underwriter** — None.

United States Telemail Service, Inc.
Feb. 17 filed 375,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To purchase equipment and supplies and for working capital and other corporate purposes. **Office**—Salt Lake City, Utah. **Underwriter**—Amos Treat & Co., Inc., of New York.

Uranium Corp. of America, Portland, Ore.
April 30 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

★ Wachapreague Hotel Corp., Wachapreague, Va.
March 31 (letter of notification) $150,000 of 5% and 6% first mortgage bonds, dated Sept. 16, 1957. **Price**—At par plus accrued interest. **Proceeds** — For working capital. **Underwriter**—None.

Washington National Development Corp.
Oct. 2 (letter of notification) 50,000 shares of common stock (par $1) of which 34,280 shares are to be offered publicly at $1.20 per share and 15,720 shares are to be offered to certain individuals under options. **Proceeds**—For general corporate purposes. **Office** — 3612 Quesada St., N. W., Washington, D. C. **Underwriter**—Wagner & Co., New York City.

West Coast Airlines, Inc., Seattle, Wash.
Feb. 12 filed $600,000 of 6% subordinated debentures due 1970, and 150,000 shares of common stock (par $1) to be offered for subscription by common stockholders of record March 1, 1958, in units of $100 principal amount of debentures and 25 common shares, at rate of one unit for each 31 common shares held on the record date. **Price**—$125 per unit. **Proceeds**—To finance the acquisition of six new Fairchild F-27 "Friendship" aircraft on order for delivery during 1958, and related costs. **Underwriter**—None.

Western Copperada Mining Corp. (Canada)
Aug. 30 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development and exploratory work, drilling costs and survey, and for working capital. **Office** — 1205 Phillips Square, Montreal, Canada. **Underwriter**—Jean R. Veditz Co., Inc., New York.

★ 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. **Office**—672½ Main St., Deadwood, S. D. **Underwriter**—None.

Willcox & Gibbs Sewing Machine Co.
March 3 (letter of notification) 25,500 shares of common stock (par $5) to be offered for subscription by common stockholders of record March 17 on basis of one new share for each 10 shares held. **Price**—$7.15 per share. **Proceeds**—For general corporate purposes. **Office**—214 W. 39th St., New York, N. Y. **Underwriter** — None. **Offering**—Temporarily deferred.

Willer Color Television System, Inc.
April 2 (letter of notification) 72,035 shares of common stock (par $1) of which 10,000 are to be offered to stockholders at $2 per share and the remaining 62,035 shares are to be publicly offered at $3 each. **Proceeds** — For general corporate purposes. **Office**—151 Adell Avenue, Yonkers, N. Y. **Underwriter** — Edwin Jefferson, 39 Broadway, New York 6, N. Y.

Worth Fund, Inc., New York
Feb. 21 filed 400,000 shares of common stock (par $1). **Price**—$12.50 per share. **Proceeds**—For investment. **Underwriter**—Cherokee Securities Corp., 118 N. W. Broad St., Southern Pines, S. C.

Prospective Offerings

Appalachian Electric Power Co. (5/27)
Dec. 2, 1957, it was reported this company, a subsidiary of American Gas & Electric Co., plans to issue and sell $25,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co. (jointly); Harriman Ripley & Co. Inc. **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on May 27.

Associates Investment Co.
Jan. 23 it was reported company plans to issue and sell some additional debentures (amount not yet determined). **Underwriters** — Salomon Bros. & Hutzler and Lehman Brothers, both of New York. **Offering**—Expected before July 1.

Boston Edison Co.
Jan. 27 it was reported company may issue and sell in the Summer of this year some additional first mortgage bonds and preferred stock (about $25,000,000). **Proceeds**—To repay bank loans and for construction program. **Underwriter**—For bonds to be determined by company, with prospective bidders including Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co.; Lehman Brothers and Harriman Ripley & Co. Inc. (jointly). For preferred stock, The First Boston Corp., New York.

C. G. S. Laboratories, Inc.
March 20 it was reported that company plans to issue and sell about $500,000 of common stock. **Proceeds**—For working capital and other corporate purposes. **Business**—Electronics. **Office**—391 Ludlow St., Stamford, Conn.

California Electric Power Co.
March 10 it was reported company may issue and sell in 1958 about 450,000 additional shares of common stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: White Weld & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith; Carl M. Loeb, Rhoades & Co., and Bear Stearns & Co. (jointly).

● Central Bank & Trust Co., Denver, Colo.
April 11 Bank offered stockholders 70,000 additional shares of common stock (par $10) on a 1-for-4.71428 basis to stockholders of record April 10; rights to expire on April 25. **Price**—$15 per share. **Underwriters**—Boettcher & Co.; Peters, Writer & Christensen Inc.; Bosworth, Sullivan & Co.; and Garrett-Bromfield & Co.; all of Denver, Colo.

Central Illinois Light Co.
March 27 stockholders were to vote on increasing the authorized preferred stock (par $100) from 250,000 shares to 500,000 shares. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

Central Louisiana Electric Co., Inc.
March 28 it was announced that the company's financing program for the year 1958 anticipates the sale of both debt and equity securities (probably preferred stock) aggregating approximately $5,000,000. Both issues may be placed privately.

Chase Fund (Mass.)
April 7 it was announced that this Fund plans to issue and sell 1,000,000 shares of common stock. **Price**—$10 per share. **Proceeds** — For investment. **Underwriter**—Shearson, Hammill & Co., New York. **Managers**—John P. Chase & Co., Inc., Boston, Mass. **Registration**—Expected later this month. **Offering**—Planned for sometime in May.

● Citizens & Southern National Bank of Savannah, Ga.
April 9 stockholders of record April 8, 1958 were given the right to subscribe for 100,000 additional shares of capital stock at the rate of one new share for each 10 shares held; rights to expire on May 20. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

Columbus & Southern Ohio Electric Co.
Dec. 9 it was reported company plans to issue and sell about 250,000 additional shares of common stock. **Underwriters** — Dillon, Read & Co. Inc. and The Ohio Co. (jointly). Permanent financing not expected until late in 1958 or possibly early in 1959.

Community Public Service Co. (6/17)
March 10 it was reported that this company plans to issue and sell $3,000,000 of sinking fund debentures due 1978. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., Inc. and White, Weld & Co. (jointly). **Bids**—Tentatively expected to be received on June 17. **Registration**—Expected May 15.

★ Consolidated Freightways, Inc.
April 8 it was announced company has applied to ICC for permission to offer 273,000 additional common shares to stockholders on the basis of one share for each five shares held. **Price**—To be named later. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif., and New York, N. Y.

Consolidated Natural Gas Co.
Feb. 25 it was announced company plans to issue and sell $45,000,000 of sinking fund debentures. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly); Morgan Stanley & Co. and First Boston Corp. (jointly). **Offering**—Expected in second quarter of 1958.

Consumers Power Co.
Feb. 21 Dan E. Karn, President, announced that $100,600,000 has been budgeted for expansion and improvement of service facilities during 1958. Indications are that $60,000,000 of senior securities may be involved. **Underwriter**—For any bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly); The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly). An offering of $35,156,700 of 4⅝% convertible debentures, offered to stockholders, was underwritten in October, 1957, by Morgan Stanley & Co.

Delaware Power & Light Co.
April 15 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Eastman Dillon, Union Securities & Co.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Smith and Kidder, Peabody & Co. (jointly). **Offering**—Expected in June.

Dixon Chemical Industries, Inc.
March 10 it was reported company plans to do some financing, the type of securities to be announced later. **Proceeds**—For expansion. **Underwriter**—Harriman Ripley & Co. Inc., New York.

Equitable Gas Co.
April 7 it was reported that the company expects later in the year to issue and sell additional securities, probably preferred stock, to secure approximately $5,000,000 of additional funds. **Proceeds**—Together with $7,000,000 from private sale of 4½% bonds, to repay short-term bank loans and for construction program. **Underwriters**—May be The First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith; and White, Weld & Co., all of New York.

Florida Power Corp. (7/1)
Jan. 29 it was reported corporation plans to issue and sell $25,000,000 of first mortgage bonds due 1988. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Eastman Dillon, Union Securities & Co., and Harriman Ripley & Co. Inc. (jointly); The First Boston Corp. **Bids**—Expected to be received on July 1.

Gas Service Co.
March 24 it was reported that company plans to issue some first mortgage bonds later this year. No decision as yet has been made as to the procedure the company will follow. **Proceeds** — For repayment of short-term notes and loans. **Underwriter**—If determined by competitive bidding, probable bidders may be Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith, and White, Weld & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp.; Lehman Brothers.

Grace Line Inc.
March 20 it was announced by Lewis A. Lapham, President, that the company plans to issue approximately $21,000,000 of government insured bonds secured by a first preferred ship mortgage on the new "Santa Rosa" and "Santa Paula." **Underwriters** — Merrill Lynch, Pierce, Fenner and Smith; Paine, Webber, Jackson & Curtis; Smith, Barney Co.; White, Weld & Co.; and F. Eberstadt & Co., all of New York.

Great Atlantic & Pacific Tea Co.
Feb. 19 it was reported a secondary offering of common voting stock is expected in near future. **Underwriters**—May include: Blyth & Co., Inc.; Carl M. Loeb, Rhoades & Co.; Hemphill, Noyes & Co.; Smith, Barney & Co.; and Merrill Lynch, Pierce, Fenner & Smith.

Gulf States Utilities Co. (5/19)
Jan. 29 it was reported company plans to issue and sell $20,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers; Stone & Webster Securities Corp.; Kuhn, Loeb & Co. **Bids** — Expected to be received on May 19.

Gulf States Utilities Co. (5/19)
Jan. 29 it was reported company plans to issue and sell 240,000 shares of common stock. **Underwriter** — To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith and Lehman Brothers (jointly); Stone & Webster Securities Corp. **Bids**—Tentatively expected to be received on May 19.

Hackensack Water Co.
March 12, George H. Buck, President, said that company plans to sell some $7,000,000 in new securities by the end of this year in the form of first mortgage bonds and preferred stock. Recent bond financing was made privately. In event of competitive bidding for bonds or debentures, bidders may include: Halsey, Stuart & Co. Inc.; The First Boston Corp. and White, Weld & Co. (jointly); Stone & Webster Securities Corp.; Blyth & Co., Inc.; Drexel & Co. and Dean Witter & Co. (jointly). The First Boston Corp. and White, Weld & Co. (jointly) underwrote last common stock financing. There is no preferred stock presently outstanding.

Hawaiian Telephone Co.
March 17 it was reported company plans to offer 500,000 additional shares of common stock to stockholders. **Proceeds** — About $5,000,000, to be used for additions and improvements to property. **Underwriter**—None. **Offering**—Expected in June.

Illinois Bell Telephone Co. (5/29)
March 27 it was announced company plans to offer to its stockholders of record May 29, 1958 the right to subscribe for 870,792 additional shares of capital stock at the rate of one new share for each six shares held; rights to expire on June 30. Minority stockholders own 5,933 shares. **Price**—At par ($100 per share). **Proceeds**—For additions and improvements. **Underwriter**—None. **Registration**—Expected on May 9.

Illinois Power Co. (5/20)
Jan. 29 it was reported company plans to issue $25,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc. **Bids**—To be received on May 20.

Indiana Gas & Water Co., Inc.
March 25 it was announced that the company plans to issue and sell $3,000,000 of first mortgage bonds. May be placed privately. **Proceeds**—To repay bank loans and for new construction.

Kansas Gas & Electric Co.
March 31, G. W. Evans, Chairman, announced that company plans to sell some bonds originally scheduled for mid-year, but which sale may now be deferred until late 1958 or early 1959. **Proceeds**—About $8,000,000 for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers; Eastman Dillon, Union Securities & Co. and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co., and Goldman Sachs & Co. (jointly).

Kansas Power & Light Co.
Feb. 14 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds due 1988. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Harriman Ripley & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Equitable Securities Corp. **Registration**—Expected before Spring.

Kentucky Utilities Co.
Jan. 21 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lee Higginson Corp.; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly); Kuhn, Loeb & Co. **Offering**—Expected in September or October.

Kentucky Utilities Co.
Jan. 21 it was also reported that company may offer approximately 165,000 additional shares of its common stock to its common stockholders on a 1-for-15 basis. **Underwriters**—Blyth & Co., Inc. and J. J. B. Hilliard & Son.

Master Fund, Inc., Fairfield, Calif.
Jan. 27 it was announced this newly organized investment company plans to offer to bona fide residents of California 10,000 shares of capital stock (par $1). **Price**—$10 per share, less an underwriting discount of 8½%. **Proceeds**—For investment.

Mercantile National Bank of Miami Beach
March 19 it was announced that the bank is offering 50,000 additional shares of capital stock (par $10) to shareholders of record March 17 on the basis of one new share for each three shares held; rights will expire at 2 p.m. on April 30. **Price**—$20 per share. **Proceeds**—To increase capital and surplus.

Midland Enterprises, Inc.
March 28, company announced it plans to issue on or before Dec. 31, 1958 $3,200,000 of first preferred mortgage bonds. May be placed privately. **Proceeds** — To repay bank loans and for working capital.

Midwestern Gas Transmission Co.
March 24 it was announced that this subsidiary of Tennessee Gas Transmission Co. has applied to the Federal Power Commission for permission to issue first mortgage bonds, unsecured notes and common stock. **Proceeds**—To build pipe line system to cost about $111,000,000. **Underwriters** — Stone & Webster Securities Corp. and White Weld & Co., both of New York.

Missiles-Rockets-Jets & Automation Fund, Inc.
On Jan. 7 this new fund registered under the Investment Company Act of 1940. Plans to issue $15,000,000 common stock, of which $7,500,000 will be underwritten on a firm basis by Ira Haupt & Co. **Price**—$10. **Proceeds**—For investment. **Technological Advisors**—Include Dr. Theodore von Karman, Chairman of the advisory group for aeronautical research and development of NATO.

Montana-Dakota Utilities Co.
March 24 it was reported the company plans to issue and sell an undetermined amount of first mortgage bonds in the latter part of this year or in early 1959. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith and Kidder, Peabody & Co., Inc., (jointly); and Blair & Co., Inc.

Moore-McCormack Lines, Inc.
March 24 it was announced company plans to issue and sell $24,000,000 of government insured bonds secured by a first preferred ship mortgage on the liners S. S. Brazil and S. S. Argentina. **Underwriters**—Kuhn, Loeb & Co. and Lehman Brothers, both of New York. **Offering**—Expected this Summer.

Mountain Fuel Supply Co.
March 27 it was reported company expects to offer a debenture issue prior to July 1, 1958. **Proceeds**—Among other things, to repay $11,000,000 of bank loans. **Underwriter**—The First Boston Corp., New York.

National Distillers & Chemical Corp.
March 3 it was reported company is expected to issue and sell about $50,000,000 to $60,000,000 long-term securities. **Proceeds**—Will probably be used to repay bank loans and for new construction. **Underwriters**—Glore, Forgan & Co. and Harriman Ripley & Co. Inc., both of New York.

Naxon Telesign Corp.
March 19 it was announced by this corporation that it plans to issue and sell 120,000 shares common stock (par $1). **Price** — $5 per share. **Underwriter** — Auchincloss, Parker & Redpath, Washington, D. C. **Offering**—Expected late in April.

New England Power Co. (6/11)
March 3 it was announced this company, a subsidiary of New England Electric System, proposes to file $10,000,000 principal amount of first mortgage bonds, series H, due 1988. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith; Kidder Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Blair & Co., Inc. (jointly). **Bids**—Tentatively scheduled to be received on June 11 at 441 Stuart St., Boston 16, Mass. **Registration**—Expected early in May.

New York State Electric and Gas Co.
March 7 it was announced that approximately $7,500,000 from additional financing will be required for construction expenditures for the balance of this year. The management intends to negotiate a new line of credit with a group of banks and expects to sell equity securities later this year or in early 1959, depending upon prevailing market conditions. **Underwriter**—For any common stock: The First Boston Corp., New York.

New York Telephone Co. (5/20)
March 14 company sought approval of the New York Public Service Commission to issue and sell $60,000,000 of refunding mortgage bonds, together with 1,200,000 shares of common stock, par $100 (the latter to American Telephone & Telegraph Co.). **Proceeds**—To retire short-term bank borrowings. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected on May 20.

New York Telephone Co.
March 14 it was also announced company seeks approval of an issue of $70,000,000 additional refunding mortgage bonds, subject to favorable market conditions. **Proceeds**—To refund a like amount of series J 4½% bonds sold last year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Niagara Mohawk Power Co.
March 3 it was reported company may issue and sell $50,000,000 of mortgage bonds, probably this fall. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.

Northern Indiana Public Service Co.
March 12 it was announced company plans to spend an estimated $76,500,000 for construction in the years 1958-1959. Of this about $55,000,000 will be raised from sale of additional securities, the nature of which will be determined on conditions at time financing is undertaken.

Northern States Power Co. (Minn.)
Jan. 13 it was reported that the company may be considering the issue and sale this Summer of about $25,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly).

Oklahoma Gas & Electric Co. (6/17)
Feb. 3 it was reported company plans to issue and sell $15,000,000 of bonds this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; The First Boston Corp., Kuhn, Loeb & Co., Merrill Lynch, Pierce, Fenner & Smith and White, Weld & Co. (jointly); Harriman Ripley & Co. Inc. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Tentatively expected to be received on June 17.

Pacific Gas & Electric Co.
March 20 the company announced it plans a common stock offering about the middle of this year, first to present stockholders and then to public. **Underwriter**—Blyth & Co., Inc., New York.

Pacific Gas & Electric Co.
March 20 it was reported company plans sale of an undetermined amount of bonds and preferred stock in the latter part of this year or early 1959. **Underwriter**—(1) For bonds to be determined by competitive bidding. Probable bidders—The First Boston Corp. and Halsey,Stuart & Co. Inc. (jointly); Blyth & Co., Inc.; (2) For preferred stock: Blyth & Co., Inc.

Pacific Telephone & Telegraph Co.
Jan. 8 it was reported company plans $300,600,000 capital outlay program. **Proceeds**—For construction program in 1958 and 1959 ($137,000,000 in 1958). **Underwriter**—To be determined by competitive bidding. Probable bidders— Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Pennsylvania Power Co.
March 7 it was announced company plans to sell later in 1958 $6,000,000 of additional securities. **Underwriter**—For any bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder Peabody & Co., White, Weld & Co., Equitable Securities Corp., and Shields & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner and Smith, and Dean Witter & Co. (jointly).

Pittsburgh & Lake Erie RR. (4/24)
Bids will be received by the company up to noon (EST) on April 24 for the purchase from it of $3,900,000 equipment trust certificates to mature in 15 equal annual instalments of $260,000 each. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Public Service Co. of Colorado (5/21)
April 3 company announced it plans to issue and sell $16,000,000 par value of cumulative preferred stock. **Proceeds**—For 1958 construction program. **Underwriters**—The First Boston Corp., Blyth & Co., Inc. and Smith, Barney & Co., all of New York. **Registration**—Planned about the end of April.

● **Public Service Electric & Gas Co.**
March 20 it was reported that the company planned to issue and sell some additional debentures on June 17. This plan was later abandoned.

Southern Pacific Co. (4/21)
Bids are expected to be received up to noon (EST) April 21 at Room 2117, 165 Broadway, New York, N. Y. for the purchase from the company of $8,220,000 of equipment trust certificates, series No. 2 to mature annually from March 1, 1959-1973 inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Southern Railway Co.
March 20 it was reported that the company plans to issue about $20,000,000 of bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder Peabody & Co., Inc.; The First Boston Corp. and White, Weld & Co. (jointly); Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly).

Tel-A-Sign Inc., Chicago, Ill.
April 8 it was announced the company plans to file with the SEC a proposal to issue 200,000 shares of common stock (par 20 cents). **Price** — To be determined at time of offering. **Proceeds**—For working capital and other corporate purposes. **Underwriters** — Charles Plohn & Co., New York, N. Y., and Clayton Securities Corp., Boston, Mass.

Toledo Edison Co.
Jan. 20 it was reported company plans to issue and sell about $15,000,000 of first mortgage bonds in April or May of this year. **Proceeds**—To repay bank loans. **Underwriter**—If issue is not placed privately, underwriter may be determined by competitive bidding. **Probable**

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bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co.; and Salomon Bros. & Hutzler (jointly); Carl M. Loeb, Rhoades & Co.; The First Boston Corp.; White, Weld & Co.

Tuttle Engineering, Inc., Arcadia, Calif.
Feb. 10, Leo L. Strecker, President, announced corporation plans issue and sale in near future of $1,000,000 convertible debentures or preferred stock, to be followed later in 1958 by the sale of about $5,000,000 of common stock. **Proceeds**—For working capital and other corporate purposes.

Union Electric Co., St. Louis, Mo.
March 28 it was announced company plans to market about $30,000,000 of common stock in the latter part of this year or in the first quarter of 1959. **Proceeds**—For construction program.

Virginia Electric & Power Co. (6/10)
Dec. 26 it was reported company plans to issue and sell $25,000,000 bonds or debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co. and American Securities Corp. (jointly). **Bids**—Tentatively expected to be received on June 10.

● Virginian Railway Co. (5/1)
April 14 it was reported that the company plans an offering of $12,000,000 of bonds, subject to ICC approval. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co., Inc.; Kidder, Peabody & Co., Inc., and White, Weld & Co. (jointly); Shields & Co. **Bids**—Expected to be received up to noon (EDT) on May 1.

Washington Gas Light Co.
March 24 it was announced company plans to issue and sell about $7,000,000 of new securities, which may include some preferred stock. **Proceeds**—For construction program. **Underwriters**—Johnston, Lemon & Co., Alex. Brown & Sons, Auchincloss, Parker & Redpath and Folger, Nolan Inc. **Offering**—May be early in Summer.

Washington Natural Gas Co.
Oct. 18 the directors authorized the sale of $5,000,000 in debentures. **Proceeds**—For expansion program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Wisconsin Power & Light Co.
March 17 it was announced that company plans to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—To retire bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Robert W. Baird & Co., Inc. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co., Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); The First Boston Corp. **Offering**—Not expected until late in 1958 or early in 1959.

Wisconsin Power & Light Co. (5/9-27)
March 17 it was announced company plans to offer to its common stockholders the privilege of subscribing for 241,211 additional common shares at the rate of one new share for each 12 shares held and to preferred stockholders, subject to allotment, an issue of 30,000 shares of cumulative preferred stock (par $100). **Proceeds**—To retire bank loans and for construction program. **Underwriters**—Smith, Barney & Co. and Robert W. Baird & Co., Inc. **Offering**—Tentatively expected in May.

Wisconsin Public Service Corp.
March 4 it was announced company plans to sell about $12,500,000 of new securities in the last half of the current year. The type of securities has not yet been decided on. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For any bonds—Halsey, Stuart & Co. Inc.; White Weld & Co.; The First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co., and American Securities Corp. (jointly). (2) For any preferred stock—Merrill Lynch, Pierce, Fenner & Smith; Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co., (jointly); Lehman Brothers; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); The First Boston Corp.; White, Weld & Co.; Kidder, Peabody & Co.

Worcester Gas Light Co.
Feb. 24 it was reported company may issue and sell $5,000,000 of first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Coffin & Burr, Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received sometime in April.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market with its constructive action is evidently looking to the future, and this means to most money market specialists more ample credit and lower interest rates. It is the opinion of not a few money market followers that the reserve requirements of the deposit banks will be reduced again, and the discount rate will also be lowered. These developments should be enough to bring the prime bank rate down from its current 4% perch. It is believed in most quarters of the financial district that the administration, especially its economic advisors, would welcome still easier money market conditions and very soon.

The 2⅝% notes have been very well received in spite of the beliefs of a great many bank investment officers that a one-year obligation would have fitted into their plans much better. There seems to be no question but what a certificate of indebtedness will be used by the Treasury in the not too distant future if it be only for refunding purposes.

New 2⅝% Note in Strong Hands

The Treasury's new money operation consisting of $3,500,000,000 of 2⅝% notes was heavily oversubscribed, with offers to buy the four-year, ten-month obligation aggregating $15.7 billion. This resulted in allotments on subscriptions in excess of $25,000 being 24%. Even though it is the opinion of Government officials that there was a fair amount of speculative purchases in the new 2⅝% note, it is evident that, by far, the bulk of the new money raising obligation has gone into strong hands, namely, the commercial banks.

The deposit institutions in making commitments in the 2⅝s of 2/15/63, are allowed to pay for these securities through the tax and loan account and this always adds to the attractiveness of the security which the Treasury is offering. Also, the belief that the Government deposits created by this new money raising venture will be with the commercial banks for a period of at least a month does not detract from the qualities of the issue.

Large Bonds Seek More Liquidity

The Treasury in making an offer of only a 2⅝% obligation due in 1963, did not make available to the deposit institutions (in this case mainly the big banks) a one-year security, which was desired by these banks in order to build up their liquid positions. The successful reception which was given to the 2⅝% note indicates that it fitted into the money market picture very well. Also, the fact that the loan demand continues to decline, means that the deposit banks will be putting more funds into the securities market.

However, it appears to be the opinion of not a few money market specialists that the big money center banks will be very much interested in getting large amounts of money to work in short-term obligations. This would be in addition to weekly purchases of Treasury bills. Therefore, this is taken to mean that a certificate of indebtedness would be a very welcome issue as far as the large commercial banks are concerned.

Next Treasury Financing on One-Year Basis

Even though the Treasury kept the recent new money raising obligation in the note classification and it had considerable appeal for the commercial banks, there is important opinions around that a one-year obligation should have been part of this operation. It is being pointed out that a debt management policy in order to be really effective should meet the existing needs of the economy. The fact that the business pattern is very much on the defensive, and could use an increase in the money supply, means to most money market followers that there should be very sizable offerings of short-term issues, such as one-year certificates of indebtedness which would be eagerly bought by the deposit institutions. This would create deposits and purchasing power and at the same time add to the money supply.

The Treasury, by not offering a certificate of indebtedness in the recent new money raising operation, may have done so deliberately in order to use such an obligation in a big way in the next refunding operation which will be coming up in the near future in order to take care of the June maturities.

Cut in Reserves Against Time Deposits Awaited

With their efforts to revive the building industry, one of the key features of the Administration program to turn the business tide in the opposite direction, it is believed in some quarters of the financial district that the expected cut in reserve requirements of the deposit banks will bring with it a reduction in the reserves held against savings deposits. This would give the smaller commercial banks funds which could be used to make or purchase mortgages with. These loans should help to get the building revival under way, which would be favorable to the economy.

Our Reporter's Report

The secondary bond market has been putting its best foot forward in a feeble sort of way during the past fortnight. Prices have been edging ahead with consequent shaving of yields, but with a noticeable lack of volume in transactions.

Once again the market appears to be a kind of "thin" affair both ways, with little in the way of buying or selling needed to find reflection in price moves.

But from all indications underwriters bidding for new offerings have been just a little more sanguine in their views than appeared warranted by the seasoned market. And as a result of a modicum of over-pricing it appears that recent emissions have been tending to back up a bit.

Market observers, fully aware of the direction in which signs are pointing are not especially concerned at this stage by the matter of a bit of inventory. They calculate that as pressure of mounting funds makes itself felt, the market will come abreast of terms fixed for current offerings.

And the consensus seems to be that the situation will right itself within a fortnight or so thus clearing the way for whatever new financing is on the roster in the weeks ahead.

These sources contend that the market, as it is wont to do, moves along to a given level and undergoes a period of consolidation, before taking the next step in a current evolution.

Testing

The new issue market faces a test of its abilities and of the tempers of prospective buyers in the weeks ahead. It is recalled that when New England Telephone & Telegraph Co.'s debentures were brought out, priced to yield 3.85%, they were a bit on the slow side.

Of course the maturity of 35 years had to be considered. But soon buyers were showing a willingness to look at the issue as the seasoned market turned firmer. As a consequence it has been pretty well put away, according to latest reports.

Now comes Commonwealth Edison Co. of Chicago's big offering of 30-year first mortgage bonds. This $50 million undertaking, carrying a 3¾% coupon and priced to yield 3.70% was reported as "not taking" immediately. But the market was expected to come up to it shortly.

Foreign Loans Move

Foreign dollar bonds being floated in this market are finding good reception judging by reports pertaining to The Belgian Congo's $15 million offering, and Commonwealth of Australia's $25 million issue due out next week.

The Congo bonds, sold to finance public improvements, including housing for natives, brought to market yesterday, was taken up in good order.

And dealers who are in a position to observe, find preliminary inquiry for the Australian dollar bonds suggesting a quick operation when that issue comes to market.

And, of course, the Australian Commonwealth's bonds will be on the market unless there is a change in present plans.

Time for Breather

The corporate new issue market will get something of a "breather" next week with only about $70 odd millions of such offerings in sight at the moment.

Consolidated Edison Co. of N. Y.'s $50 million of bonds originally were slated for next Tuesday, but due to market conditions have been set back to June 3.

Of the three issues currently scheduled for next week, two will emerge via the competitive bidding route. These are Monday's offering of $10,000,000 bonds by Atlantic City Electric Co. and Wednesday's award of a $15,000,000 debt issue by Southern Counties Gas Co. of California. Also on Wednesday, Potomac Electric has $19.7 million of convertible debentures going by the negotiated route.

James Talcott, Inc. Advances Four Officers


Herbert R. Silverman

The election of Herbert R. Silverman as President of James Talcott, Inc., 105-year-old commercial financing and factoring firm, has been announced by James Talcott, Chairman and grandson of the founder, following the regular monthly meeting of the company's board of directors. Mr. Talcott, former President and Treasurer, continues as Chairman of the Board and Chief Executive Officer.

Three other executive changes were announced at the same time: Hooker Talcott and Emanuel P. Lewis become Vice-Chairmen and continue as Secretary and Executive Vice-President, respectively; Harvey M. Kelsey, Jr., was elected Treasurer and continues as Vice-President.

James Talcott, Inc., one of the oldest and largest firms in the field of commercial financing and factoring, was established in 1854 by the grandfather of the present Chairman. During the past century the company has evolved from a sales agency for New England textile mills to become a leading supplier of funds to growth companies in nearly every basic industry in the country.

McLaughlin, Kaufman Formed in New York

Announcement is made of the formation of McLaughlin, Kaufman & Co., members of the New York Stock Exchange, with offices at 52 Wall Street, New York City. Partners are Henry Kaufman, John F. McLaughlin, Frank J. Brady and Cyril J. Andrews.

Gradison to Admit

CINCINNATI, Ohio—On May 1, Willis D. Gradison, Jr. will become a partner in W. D. Gradison & Co., Dixie Terminal Building, members of the New York and Cincinnati Stock Exchanges.

Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (per cent capacity)	April 20	§47.5	*48.5	52.5	90.4
Equivalent to—					
Steel ingots and castings (net tons)	April 20	§1,283,000	*1,308,000	1,417,000	2,313,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	April 4	6,250,135	6,264,135	6,327,735	7,613,615
Crude runs to stills—daily average (bbls.)	April 4	¶7,214,000	7,038,000	7,488,000	7,856,000
Gasoline output (bbls.)	April 4	25,124,000	25,427,000	25,294,000	25,683,000
Kerosene output (bbls.)	April 4	2,203,000	2,226,000	2,896,000	1,880,000
Distillate fuel oil output (bbls.)	April 4	11,506,000	11,363,000	12,136,000	12,634,000
Residual fuel oil output (bbls.)	April 4	6,785,000	6,984,000	8,001,000	8,248,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	April 4	214,754,000	216,647,000	215,409,000	203,310,000
Kerosene (bbls.) at	April 4	16,912,000	17,222,000	17,622,000	19,729,000
Distillate fuel oil (bbls.) at	April 4	74,545,000	75,125,000	84,018,000	75,295,000
Residual fuel oil (bbls.) at	April 4	54,750,000	55,165,000	54,803,000	37,594,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	April 5	516,225	532,172	544,173	644,092
Revenue freight received from connections (no. of cars)	April 5	497,118	510,699	550,095	622,421
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	April 10	$354,568,000	$598,495,000	$313,098,000	$344,476,000
Private construction	April 10	171,649,000	385,189,000	120,897,000	117,714,000
Public construction	April 10	182,939,000	213,306,000	192,201,000	226,762,000
State and municipal	April 10	142,432,000	158,328,000	153,761,000	141,886,000
Federal	April 10	40,507,000	54,978,000	38,440,000	84,876,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	April 5	6,170,000	*7,290,000	8,100,000	8,306,000
Pennsylvania anthracite (tons)	April 5	318,000	336,000	417,000	387,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	April 5	125	114	105	113
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	April 12	11,307,009	11,326,000	11,860,000	11,695,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	April 10	342	352	336	308
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	April 8	5.967c	5.967c	5.967c	5.670c
Pig iron (per gross ton)	April 8	$66.49	$66.49	$66.49	$64.56
Scrap steel (per gross ton)	April 8	$33.50	$34.00	$37.33	$42.67
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	April 9	24.600c	24.450c	23.900c	31.575c
Export refinery at	April 9	21.425c	22.250c	20.500c	29.900c
Lead (New York) at	April 9	12.000c	12.000c	13.000c	16.000c
Lead (St. Louis) at	April 9	11.800c	11.800c	12.800c	15.800c
‡Zinc (delivered) at	April 9	10.500c	10.500c	10.500c	14.000c
Zinc (East St. Louis) at	April 9	10.000c	10.000c	10.000c	13.500c
Aluminum (primary pig. 99%) at	April 9	24.000c	24.000c	26.000c	25.000c
Straits tin (New York) at	April 9	93.250c	92.375c	96.375c	99.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	April 15	96.90	96.79	94.50	90.44
Average corporate	April 15	95.77	95.62	95.62	96.85
Aaa	April 15	102.13	101.97	102.13	101.47
Aa	April 15	99.52	99.36	99.52	99.68
A	April 15	95.92	95.47	95.16	96.85
Baa	April 15	86.65	86.51	86.51	89.78
Railroad Group	April 15	91.19	92.19	91.62	95.16
Public Utilities Group	April 15	97.78	97.47	96.85	97.00
Industrials Group	April 15	98.73	98.41	98.25	98.09
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	April 15	2.77	2.78	2.97	3.30
Average corporate	April 15	4.02	4.03	4.03	3.95
Aaa	April 15	3.62	3.63	3.62	3.66
Aa	April 15	3.78	3.79	3.78	3.77
A	April 15	4.01	4.04	4.06	3.95
Baa	April 15	4.66	4.67	4.67	4.43
Railroad Group	April 15	4.33	4.33	4.30	4.06
Public Utilities Group	April 15	3.89	3.91	3.95	3.94
Industrials Group	April 15	3.83	3.85	3.86	3.87
MOODY'S COMMODITY INDEX	April 15	395.7	393.8	399.5	406.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	April 5	335,027	259,355	321,182	360,476
Production (tons)	April 5	279,404	268,648	265,719	283,101
Percentage of activity	April 5	88	86	87	93
Unfilled orders (tons) at end of period	April 5	404,209	351,889	418,353	490,041
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	April 11	110.01	109.98	109.79	110.85
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 22	1,480,690	1,611,960	1,098,570	972,220
Short sales	Mar. 22	320,550	305,860	259,680	186,220
Other sales	Mar. 22	1,168,910	1,316,020	897,000	833,680
Total sales	Mar. 22	1,489,460	1,621,880	1,156,680	1,019,900
Other transactions initiated on the floor—					
Total purchases	Mar. 22	408,250	466,240	283,000	186,800
Short sales	Mar. 22	61,700	45,830	60,000	27,500
Other sales	Mar. 22	385,050	376,270	282,420	232,570
Total sales	Mar. 22	446,750	422,100	342,420	260,070
Other transactions initiated off the floor—					
Total purchases	Mar. 22	508,951	501,260	440,030	345,088
Short sales	Mar. 22	77,730	128,200	122,900	87,240
Other sales	Mar. 22	473,433	525,620	506,256	474,160
Total sales	Mar. 22	551,163	653,820	629,156	561,400
Total round-lot transactions for account of members—					
Total purchases	Mar. 22	2,398,161	2,579,460	1,821,600	1,504,108
Short sales	Mar. 22	459,980	479,890	442,580	300,960
Other sales	Mar. 22	2,027,393	2,217,910	1,685,767	1,540,410
Total sales	Mar. 22	2,487,373	2,697,800	2,128,256	1,841,370
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Mar. 22	1,153,211	1,207,693	989,612	969,320
Dollar value	Mar. 22	$50,187,447	$52,854,251	$42,744,976	$43,334,294
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 22	1,022,426	1,053,547	840,783	802,018
Customers' short sales	Mar. 22	20,782	20,284	24,098	6,428
Customers' other sales	Mar. 22	1,001,644	1,033,263	816,685	795,590
Dollar value	Mar. 22	$44,598,437	$45,271,622	$36,482,829	$36,407,533
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 22	293,470	297,070	248,180	207,030
Short sales	Mar. 22	------	------	------	------
Other sales	Mar. 22	293,470	297,070	248,180	207,030
Round-lot purchases by dealers—					
Number of shares	Mar. 22	423,110	447,470	386,360	363,550
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Mar. 22	748,920	794,480	784,570	409,810
Other sales	Mar. 22	11,104,450	11,717,540	8,935,380	8,125,180
Total sales	Mar. 22	11,853,370	12,512,020	9,719,950	8,534,990
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	April 8	119.6	119.6	119.5	117.2
Farm products	April 8	99.4	98.7	99.8	90.2
Processed foods	April 8	110.5	*110.5	109.5	109.7
Meats	April 8	108.7	108.4	104.6	86.6
All commodities other than farm and foods	April 8	125.8	125.9	125.9	125.3

*Revised figure. ¶Includes 1,000,000 barrels of foreign crude runs. §Based on new annual capacity of 140,742,570 tons as of Jan. 1, 1958, as against Jan. 1, 1957 basis of 133,459,150 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN HOME LAUNDRY MANUFACTURERS ASSOCIATION—Month of February:			
Total home laundry appliance factory unit sales (domestic)	355,605	352,496	458,235
Combination washer-dryers	12,150	13,339	20,354
Washers	263,099	238,153	319,580
Dryers	78,578	98,630	114,517
Ironers	1,778	2,374	3,784
AMERICAN PETROLEUM INSTITUTE—Month of December:			
Total domestic production (barrels of 42 gallons each)	240,197,000	229,667,000	254,494,000
Domestic crude oil output (barrels)	214,793,000	204,721,000	228,684,000
Natural gasoline output (barrels)	25,400,000	24,930,000	25,871,000
Benzol output (barrels)	4,000	16,000	29,000
Crude oil imports (barrels)	31,625,000	27,071,000	27,071,000
Refined product imports (barrels)	21,831,000	*17,572,000	18,526,000
Indicated consumption domestic and export (barrels)	310,240,000	*279,811,000	321,406,000
Increase all stocks (barrels)	16,587,000	5,501,000	21,315,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of February:			
New England	$12,264,374	$20,158,048	$16,947,232
Middle Atlantic	76,027,883	105,917,664	82,763,663
South Atlantic	48,446,721	46,375,698	48,482,659
East Central	69,031,950	59,189,999	96,048,886
South Central	87,666,278	75,262,050	79,268,506
West Central	19,993,116	16,552,056	22,249,456
Mountain	26,134,773	17,963,027	15,161,781
Pacific	96,135,839	96,913,026	72,826,312
Total United States	$435,700,934	$438,331,568	$433,748,495
New York City	45,210,172	67,583,851	56,474,685
Outside New York City	390,490,762	370,747,717	377,273,810
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES—Month of January (Millions of dollars):			
Manufacturing	$52,900	*$53,500	$52,400
Wholesale	12,600	12,700	12,900
Retail	24,500	24,500	24,000
Total	$90,000	*$90,700	$89,300
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS—U. S. DEPT. OF COMMERCE—Month of February (000's omitted)	$345,500	$793,500	$335,400
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of March (000's omitted):			
Total U. S. construction	$1,297,691	$1,174,791	$1,467,575
Private construction	617,595	613,080	610,639
Public construction	780,096	561,711	856,936
State and municipal	619,384	424,460	567,941
Federal	160,712	137,251	288,995
COKE (BUREAU OF MINES)—Month of Jan.:			
Production (net tons)	4,768,900	5,164,965	6,859,657
Oven coke (net tons)	4,721,309	5,090,436	6,604,384
Beehive coke (net tons)	47,591	74,529	255,273
Oven coke stock at end of month (net tons)	3,250,199	3,136,822	2,096,373
COPPER INSTITUTE—For month of February:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	93,029	*108,590	101,449
Refined (tons of 2,000 pounds)	128,299	136,748	134,291
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	93,784	*110,557	101,565
Refined copper stocks at end of period (tons of 2,000 pounds)	201,223	176,287	136,502
COTTON GINNING (DEPT. OF COMMERCE):			
To March 1 (running bales)	10,875,297	------	13,151,208
METAL OUTPUT (BUREAU OF MINES— Month of August:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	164,344	161,999	179,061
Silver (in fine ounces)	3,082,433	3,200,522	2,969,632
Copper (in short tons)	87,614	*84,757	92,167
Lead (in short tons)	26,954	26,994	29,389
Zinc (in short tons)	40,913	*41,849	46,310
MONEY IN CIRCULATION—TREASURY DEPT. As of Jan. 31 (000's omitted)	$30,576,000	$31,834,000	$30,614,000
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of March:			
Industrials (125)	4.35	4.49	4.16
Railroads (25)	6.92	7.06	6.47
Utilities (not incl. Amer. Tel. & Tel.) (24)	4.54	4.62	4.85
Banks (15)	4.71	4.78	4.58
Insurance (10)	3.08	3.12	2.99
Average (200)	4.50	4.62	4.35
NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of Dec.	2,877	2,852	2,569
NEW YORK STOCK EXCHANGE— As of Feb. 28 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$2,681,734	$2,613,205	$2,763,440
Credit extended to customers	101,741	126,095	34,672
Cash on hand and in banks in U. S.	311,811	328,325	322,475
Total of customers' free credit balances	938,685	936,509	828,127
Market value of listed shares	201,174,403	204,969,173	207,719,498
Market value of listed bonds	111,805,160	106,779,763	101,316,654
Member borrowings on U. S. Govt. issues	261,069	270,630	75,050
Member borrowings on other collateral	1,795,648	1,665,781	2,158,264
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Jan. (000's omitted):			
Savings and loan associations	$627,560	$665,816	$658,837
Insurance companies	110,729	124,674	133,612
Banks and trust companies	322,407	325,019	352,771
Mutual savings banks	97,711	112,507	116,755
Individuals	279,850	260,132	303,865
Miscellaneous lending institutions	343,691	362,853	376,440
Total	$1,781,948	$1,851,001	$1,942,280
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of March 31	$272,728,185	$274,781,548	$275,108,008
General funds balances	6,075,602	4,393,554	7,673,283
Net debt	$266,652,583	$270,387,994	$267,434,725
Computed annual rate	2.725%	2.778%	2.726%

Investment Trust Of Boston

The Investment Trust of Boston discloses that in the nine month period, May 31, 1957 to Feb. 28, 1958, total net assets fell from $43,938,144 to $38,171,855. Unrealized profits declined by $7,902,694 while realized profits totaled $601,782. Gross income in the nine months amounted to $1,323,995 while expenses totaled $174,197. Net income totaled $1,149,798.

In the three months prior to Feb. 28, the fund added to its holdings of Anaconda, du Pont, General Motors, International Nickel Co. of Canada, Kennecott Copper and U. S. Steel. Holdings were reduced in General Dynamics and entirely eliminated in British Petroleum and Illinois Central Railroad.

Mutual Funds

By ROBERT R. RICH

Don't Sell America Short, Says Hugh Long

At the 26th annual shareholder meeting, Hugh W. Long, President of Fundamental Investors, Inc., said: "If Rip Van Winkle had fallen asleep in 1948 and awakened today and looked around, he'd think we were in the midst of a dynamic industrial boom."

Mr. Long, in contrasting today's statistics with those of a decade ago, said that "current figures for gross national product, retail sales and personal savings, among others, would have to plummet severely to get down to the peaks of ten years ago." Specifically, he cited the following gains since 1948:

"Industrial production has risen 26%.

"Retail sales have increased some 50%.

"Disposable personal income has risen 68%.

"Gross National Product has risen 75%.

"Electric power production has increased more than 120%.

"Personal savings have risen by more than 250%."

He said that "Clearly the old-fashioned business cycle has not been eliminated from our economy. The securities markets reflected this fact in the last half of 1957. But a change in the economic level does not mean a change in time-tested investment procedures. It does not invalidate principles of long-term investing which have been sound for decades."

Mr. Long made the point that "It is conceivable that talk and worry can prolong or deepen a business decline. Psychological factors affect business and securities markets. If people decided not to buy even the soundest securities, the prices of such securities would drop sharply because of lack of demand."

On the subject of predictions as to when the current recession will come to an end, Mr. Long stated, "We leave the field open to those who wish to make short-term forecasts and invite you to consider this question: are you convinced that in 1968 there will not be plus signs on the economic ledger, compared with 1958? Anyone who believes that America's growth is a thing of the past has but one recourse—to 'take to the hills' and become an economic hermit—not buying, not investing, not contributing in any way to the economic life of the country, but merely preserving what he has. If enough people took this course, it would make permanent depression a certainty." We do not believe that our country's long-term dynamic growth has come to an end.

Chemical Fund Up In Quarter In Assets, Price

Chemical Fund, Inc., one of the oldest and largest mutual funds investing in scientific fields, reported increases in net assets, market value per share (adjusted for capital gains) and new sales to the investing public for the March quarter of 1958, compared with the same period a year ago.

The fund, which will be 20 years old on July 7 of this year, had net assets of $143,794,000 at March 31, 1958, compared with $133,207,000 a year ago. Net asset value per share increased 2.9% in the 12 months period (adjusted for a 56-cent capital gains distribution in 1957), despite a 5.9% decline in the general market as measured by the Dow-Jones Industrial Average.

Net asset value per share was equal to $15.59 ($16.15 adjusted for capital gains), compared with $15.70 a share a year ago.

Sales of new shares to the investing public increased during the March quarter to $3,872,000, from $3,845,000 a year ago. Redemptions for the same period declined to $1,131,000 from $1,717,000.

In commenting on the current decline in general business, F. Eberstadt, Chairman, and Francis S. Williams, President, said that sales of pharmaceutical products are running well ahead of last year and most of the drug companies are looking forward to another good year in 1958. Furthermore, sales of many consumer non-durable goods are being well maintained. A substantial portion of the fund's assets is now invested in companies which produce such products.

Missile Funds To Exceed $5 Billion

Expenditures for missile programs have passed the $3 billion-per-year mark and by 1959 National Securities & Research Corporation estimates spending will exceed a $5 billion annual rate for projects now considered essential. National sponsors and manages the National Securities Series of mutual investment funds with assets of over $290,000,000.

Other space projects now under consideration such as manned satellite platforms, manned lunar rockets and interplanetary travel "could easily cost in the neighborhood of $25 billion just to attain the prototype operational stages," reports Robert Colton, Manager of the investment company's Atomic and Electronics Division, in the April issue of the corporation's "Atomic Activities" bulletin.

These figures compare with atomic energy expenditures which are currently running at a $2.5 billion annual rate and which have totaled about $17 billion since 1942. Rocket programs, "Atomic Activities" points out, are only about half as old "but the rate of spending for missiles is greater and is increasing more rapidly."

National's review of space technology characterizes the self-sustaining, civilian commercial aspects of the space age as "still vague" but expects that the unprecedented expenditures should "produce equally unprecedented opportunities for commercial growth."

C. R. Schneider Opens

ST. LOUIS, Mo. — Chris R. Schneider is engaging in a securities business from offices at 1056 Hopedale.

Mutual Funds of Omaha

OMAHA, Neb. — Howard Kaiman, Hal S. Selner and Louis Weiner have formed Mutual Funds of Omaha with offices in the Karbach Building to engage in the securities business.

With Ideal Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Ray L. Helton, Melvin O. Lindquist and William E. Widick have become associated with Ideal Securities Company, U. S. National Bank Building.

Broad Street Assets At All-Time High

Net assets of Broad Street Investing Corporation rose to $102,440,150 at March 31, a record high for the diversified mutual fund, it was announced April 16 by Francis F. Randolph, Chairman of the board and President. This figure compared with $94,805,240 at Dec. 31, 1957. According to Mr. Randolph, new funds invested by shareholders accounted for $2,125,856 of the increase in net assets and the balance of $5,509,054 reflected improvement in the market value of assets.

Per share asset value increased to $20.82 at March 31 from $19.69 at the start of the year. Mr. Randolph noted that this increase brought per share asset value back to about the level at March 31, 1957, adjusted for the December 1957 distribution of 47 cents from gain realized on investments.

The Corporation, now in its 29th year, paid its 113th consecutive quarterly dividend on March 31 to maintain a record of continuity of payments that goes back to the start of operations. The first quarter payment of 20 cents per share was the same as in the first quarter of 1957. The chairman pointed out, however, that it meant an increase in income of 2.4% for shareholders who maintained their investment by taking additional shares in payment of the 1957 distribution from realized gain.

The number of shareholders making use of Broad Street Investing's Accumulation Plan to build their investment by periodic purchases and by plowing back dividends and distributions into additional shares, continued to grow during the first quarter, according to Mr. Randolph. The chairman noted that in the twelve months since March 31, 1957, the number of Plan holders has increased steadily to a total of 5,861, for a gain of 30%. One out of every four shareholders, he added, now uses the Accumulation Plan.

Commenting on the business situation, Mr. Randolph stated that it is important to recognize that the current recession is different in both kind and degree from the two previous postwar movements, 1948-49 and 1953-54. The economy, exhilarated and then exhausted by 19 years of only mildly interrupted progress, he stated, is now confronted by the twin problems of over-capacity in industry and over-satiety of consumers. In Mr. Randolp's opinion, continuation of the recession is more likely than business recovery in the first half of 1958. The situation calls for a cautious, flexible investment policy, he noted, but at the same time the basic strengths of the economy and their importance in the longer range outlook for business and security markets should not be overlooked.

Common stock holders made up 77.2% of Broad Street Investing's net assets at March 31, as compared with 76.7% three months earlier. New common stock positions were established during the quarter by the purchase of 15,700 shares of Carolina Power & Light, 8,800 shares of Marquette Cement, and 700 shares of Brown Shoe. Increases in common stock holdings included 12,300 shares of Continental Baking, received in exchange for convertible debentures of that company, 10,000 shares of United States Steel, 5,000 shares of Maytag, 4,500 shares of American Stores, 2,600 Arkansas Louisiana Gas, 2,300 shares of Montana Power, 1,800 shares of Warner-Lambert Pharmaceutical and 1,600 shares of Atlantic City Electric.

Broad Street Investing's holding in the common stock of Iowa Public Service was eliminated by the sale of 6,700 shares. Holdings were reduced by the sale of 15,000 shares of Bethlehem Steel, 7,200 shares of Louisiana Land & Exploration, and 5,300 shares of National Lead.

Fox-Martin President of Broad Street Sales

Milton Fox-Martin was elected President of Broad Street Sales Corporation, 65 Broadway, New York City, national distributor of shares of Broad Street Investing Corporation, National Investors Corporation and Whitehall Fund, Inc., it has been announced by Francis F. Randolph, Chairman and President of the investment companies.


Milton Fox-Martin

Immediately prior to joining Broad Street Sales Corporation, Mr. Fox-Martin was Vice-President of Wellington Distributors, Inc., and manager of dealer relations of Wellington Fund. Previously, he was manager of the Mutual Fund Department of Kidder, Peabody & Co., members of the New York Stock Exchange.

Woodford A. Matlock, who recently resigned as President of Broad Street Sales Corporation, will continue to be associated with the company as sales consultant.

Group Securities Stresses Low-Risk Defensive Stocks

The Fully Administered Fund of Group Securities, Inc., leading mutual fund, in which low-risk defensive type stocks have been emphasized during the current adjustment period, has further increased this type of holding during the first quarter of 1958 to 76.11% of its total stock investment, according to Herbert R. Anderson, President.

The extent to which this type stock has been favored under today's conditions is indicated by the rise of 9% in the per share value of The Fully Administered Fund during the first quarter, as compared with a gain of about 2.5% in the general market averages.

At the end of the first quarter the Fund was 27.24% invested in bonds, 2.74% in bank and finance stocks, 8.34% in food, 10.53% in merchandising, 16.34% in tobacco, 17.13% in utilities, and 1.40% in cash.

Portfolio purchases during the first quarter included $100,000 Chicago, Burlington and Quincy 4⅜s, $100,0000 Chicago Rock Island 5½s, $100,000 Commercial Credit 4⅛s, 1,500 Chase Manhattan Bank, 200 C.I.T. Financial, 200 Commercial Credit, 1,000 Hanover Bank, 1,000 Pillsbury Mills, 3,000 United Biscuit and 1,000 Wrigley. Holdings of 2,500 American Smelting and Refining and of 4,000 Sterling Drug were sold.

Worth Fund, Inc. Shares to Be Priced at $12.50

The existence of a new closed-end, non-diversified investment company, Worth Fund, Inc., is anounced by Robert L. Huffines, Jr., President and Chairman of the Board. Mr. Huffines was formerly President of Burlington Mills Corporation of New York, Textron, Inc., Amerotron Corporation and is currently Board Chairman of Frank G. Binswanger, Inc., southern division. The new company intends to seek investment opportunities in undervalued securities and special situations in the textile and other industries. The company has registered with the SEC as an investment company and is in the process of registering its common stock for public sale. The public offering is expected to be made shortly. Until then, no securities will be publicly sold or offered for sale.

Worth Fund, Inc. will offer 400,000 shares at $12.50 a share. It has entered into an agreement with Cherokee Securities corp. of Southern Pines, N. C., a new underwriting firm, to offer the common stock on a "best efforts" basis. Thomas C. Darst, Jr. is President of Cherokee Securities Corp. and Roy Robinson will be Vice-President in charge of its New York office. Mr. Darst is the proprietor of Thomas Darst & Co., Southern Pines, N. C., and was formerly associated with other investment houses. Mr. Robinson has been a specialist in textile securities for many years. Mr. Huffines is a controlling stockholder of Cherokee Securities Corp.

The principal office of Worth Fund is now at 1407 Broadway, New York City, where Mr. Huffines makes his headquarters.

In discussing Worth Fund's investment plans, Mr. Huffines said: "The company was organized for the purpose of concentrating its investments primarily in those industries in which from time to time in its judgment there exist investment situations with the reasonable likelihood of capital appreciation and long-term capital gains. We believe that the textile and allied industries now afford a source of investment which is undervalued on the basis of long-term economic and related factors and intend initially to invest up to 65% of the company's gross assets in such securities."

Worth Fund has a 15-man Board of Directors many of whom are connected with various phases of the textile industry. They and other initial stockholders have already subscribed 47,210 shares of stock.

Capital Name Changed

Capital Venture Fund, sponsored by Knickerbocker Shares, Inc., and managed by the investment counsel firm of Karl D. Pettit & Co., 20 Exchange Place, has been renamed Knickerbocker Growth Fund, Inc., it was announced by Karl D. Pettit, Sr., President of Knickerbocker Shares. The new name, Knickerbocker Growth Fund, was selected because it more closely describes the investment objective of the fund and identifies the fund as a part of the Knickerbocker family," Mr. Pettit stated. The fund was organized in 1953 and its shares are now nationally distributed. Knickerbacker Shares also sponsors Knickerbocker Fund, a mutual fund designed for income purposes.

First Investors Expands

First Investors Corporation, of 120 Wall Street, New York, speccialists in Mutual Funds since 1930, have opened a branch office in Washington, D. C. under the direction of Mr. Harvey L. Neiblum, Manager. The new office is in the Albee Building, 1426 G Street, N. W., in the heart of the District. This is the sixth new office the company has opened in the last three years. Branches are in Manhattan, Brooklyn, Jamaica, Mineola, Huntington Station, Buffalo and Syracuse, N. Y.; Newark and Hackensack, N. J., and Philadelphia, Pa.

Vincent Cullen Pres. Of Knickerbocker Fund

Vincent Cullen, director of Knickerbocker Shares, Inc., has been elected President and a director of Knickerbocker Growth Fund, Inc., it has been announced. Mr. Cullen succeeds Karl D. Pettit, Sr., who moves up to Chairman of the Board.

Vincent Cullen

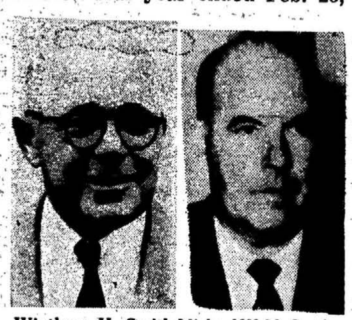
Mr. Cullen's background includes extensive experience in the insurance world. He is a director of and consultant to The Excess Treaty Management Corporation, reinsurance organization; a trustee of The East Brooklyn Savings Bank; the Georgia Warm Springs Foundation and the National Foundation for Infantile Paralysis.

He was President of National Surety Corporation from 1933 to 1949. In 1950 Mr. Cullen entered the reinsurance field as President and director of The Treaty Management Corporation, prior to its merger with The Excess Management Corporation. Mr. Cullen was formerly President and director of the Insurance Society of New York.

Merrill Lynch Reports Record Gross Revenue

Net income in fiscal year ended Feb. 28 of $4,786,000 reflects 6% gain over previous year. Findings in customer survey 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 revenue in the fiscal year ended Feb. 28,



Winthrop H. Smith Michael W. McCarthy

directing partner Winthrop H. Smith announced April 16.

Total operating revenues of the firm, which now has 120 domestic and six foreign offices in 112 cities in the world, inched to a new all-time high of $84,462,000, or 1% above fiscal 1957.

After educational and charitable contributions on behalf of the firm of $500,000 and estimated Federal personal income taxes of the partners based on their share of firm income, net income available to partners amounted to $4,786,000, or 6% above the year before.

Merrill Lynch separated its income into two categories: (1) the estate of founding partner, Charles E. Merrill; (2) all other partners.

Merrill Lynch income available to the estate was put at $1,439,000 and all of it is set aside for educational, religious and charitable organizations. Together with firm donations of $500,000, this means $1,939,000 of firm income for the fiscal year will go to philanthropy. This does not include substantial 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 12.0% in fiscal 1957.

Reflecting Merrill Lynch continued efforts to broaden share ownership, the firm's percentage of odd-lot business reached a new peak of 20.3%, compared with 19.6% in the previous year and 12% ten years ago.

The 16-page blue and white report is signed by both Mr. Smith and Michael W. McCarthy, who was appointed managing partner on Dec. 16, 1957.

An unusual feature of the annual report is a presentation of the results of an investor survey made by the firm. Mr. McCarthy said: "We have just completed what we believe to be the largest and most comprehensive survey ever made of the attitudes, activities and aims of United States investors." Merrill Lynch mailed almost 300,000 questionnaires to its customers and received 125,000 returns for a 42% response. The following are some important highlights of the survey:

(1) The majority of Merrill Lynch customers (56%) **listed "capital appreciation" as their primary investment objective. "Safety of capital" is second (24%), while "liberal dividends" is third choice.**

(2) More than half of the 125,000 persons who replied (63,400 to be exact) bought their first corporate security in 1950 or later.

(3) About one-third of the investors who replied have portfolios valued at under $5,000, while almost half have security investments under $10,000. Out of the total 125,000 who answered, only one in 12 has security holdings valued above $100,000.

(4) At the end of 1957, Merrill Lynch customers were generally optimistic. For the most part they expected business in the first half of 1958 to continue "about the same" as in the last half of 1957. Most of the rest anticipated general business activity would get "better" rather than "worse."

(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 half of 1957. Of the rest, two-to-one believed the market would go up rather than down.

(6) As a point of national interest Merrill Lynch discovered 72% of its customers think a Democrat will be elected President in 1960—a 2½-to-1 majority.

The firm pointed out it did not ask the political affiliation of its customers but only whom they "thought" would be elected. Merrill Lynch added: "We do not regard ourselves as political analysts. We simply record the figure as the opinion of a small army of citizens."

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

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 27 and is scheduled to return on May 15.

The Vice-President, who will carry messages from President Eisenhower, will make a series of talks, but 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 Nixons to make the trip. Before leaving for the visit to the Southern countries, where more and more Americans are investing more and more dollars, Mr. Nixon will address the American Newspaper Publishers next week (April 24) in New York.

The New York speech and the new assignment to Latin America fit into the overall pattern of the important role that 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 Stature Growing

Sandwiched between the assignments for the Chief Executive of the United States, the Vice-President is doing things, besides presiding over the Senate, that are causing him to grow in political stature, particularly with the members of his own party.

The Vice-President likewise has grown in stature with a good many rank and file Democrats. However, the professional Democrats in Washington and elsewhere still look at him with a jaundiced eye. Former President Truman comes nearer hating Mr. Nixon, both personally and politically, than probably any American citizen.

Denies Truman's Charge

Ex-Pres. 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 wide that it can never be patched up.

Some friends of Mr. Truman have suggested that the two men get together and patch up their personal differences, whereupon Mr. Truman goes into a rage. On the other hand, Mr. Nixon has not become embittered by the actions of Mr. Truman, according to some of his close friends.

The truth of the matter is Mr. Truman 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 whipping boy of one wing of the Democratic party. He has been an effective speech-maker and, since 1952, it has pinched some of the Democrats, particularly the Northern wing of the party.

Much in Demand

Perhaps more than the President himself, Vice-President Nixon is currently receiving speaking invitations at the rate of 16,000 a year. They pour into his office on Capitol Hill by the hundreds each day. The American people know that General Eisenhower's health restricts his movements, and they know that the Vice-President is strong and can make several speeches a day, if necessary.

However, the real truth is, no doubt, thousands of those invitations come from people who are confident that he will be the Republican party's Presidential nominee in 1961, and many of them expect him to be the next President of the United States. Thus, it is little wonder that 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 first 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.

Business men and men in high places in the government of the United States are bringing back bright stories of investment possibilities in scattered sections of Africa. There are paradoxes in Africa, but Africa has untold possibilities. The Union of South Africa is fabulously rich.

United States Steel, Bethlehem Steel and others have expanded operations with local investment participation. The power resources of Africa are tremendous, and within the next few years the building of power facilities will be tripled over the present facilities.

Land of Paradoxes

The whole of Africa is seething. There is a spirit of great nationalism prevailing. It is not that the African provinces tied to Britain and France want to completely divorce themselves from those countries, but they want to be independent like Canada is independent from Britain, yet her ties with Britain remain strong.

Some officials in the Nation's Capital say that after a tour by plane around Africa that never before in their lives had they seen as much construction as is taking place on the continent. There are paradoxes, to be sure. There is poverty and low production, and there is wealth. Everywhere officials said they landed at modern airports with long runways. Some of the airports are ready for the jet age. The hotels are modern and the food is good and the people are pleasant. There are vast resources.

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 anti-American sentiment lies in Liberia. The head of the government in that province speaks English as 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 43,000 square miles.

Meantime, as officials of the United States Government turn their eyes toward Africa and its fabulous wealth, in most sections, 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 the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

THE LARGEST SKYSCRAPER OF THEM ALL!

Business Man's Bookshelf

American Business Writing Association Bulletin, February, 1958—Containing articles on Business Communication and Collegiate Education for Business Administration; Education for Letter Writing; Education for Writing Reports; Is the Business Letter Obsolete?; Motivation Research and the Art of Business Writing; Writing to Foreign Businessmen in English, etc.—American Business Writing Association, University of Illinois, 1007 West Nevada Street, Urbana, Ill., $5 per year; single copy, $1.00.

Anti-Recession Policy for 1958: A Statement by the Program Committee of the Committee for Economic Development — Committee for Economic Development, 711 Fifth Avenue, New York 22, N. Y. (paper).

Continuity of Management and Alternate Headquarters — Preparedness Program for Emergency Operations in Banking — Advisory Committee on Commercial Bank Preparedness, Banking Committee on Emergency Operations, 200 Madison Avenue, New York 16, N. Y. (paper), 50 cents (quantity prices on request).

Design for Service in a Growing Nation—Reprints of a series of articles by Frederick R. Kappel, American Telephone & Telegraph Company, 195 Broadway, New York 7, N. Y. (paper).

Economic Growth in the United States: Its Past and Future — Committee for Economic Development, 711 Fifth Avenue, New York 22, N. Y., 50 cents per copy (quantity prices on request).

Fomento—The Economic Development of Puerto Rico—William H. Stead — National Planning Association, 1606 New Hampshire Avenue, N. W., Washington 9, D. C., $2.00.

How a Corporation Works — Illustrated booklet explaining structure of a modern corporation — American Visual Corporation, 460 Fourth Avenue, New York 16, N. Y. (paper), 25 cents per copy (quantity prices on request).

"Ounce of Prevention"—Discussion of present plight of the railroads—Association of American Railroads, Washington 6, D. C. (paper).

Shift of World Petroleum Power Away From the United States— Leonard M. Fanning—Gulf Oil Corporation, P. O. Box 1166, Pittsburgh 30, Pa.