ESTABLISHED 1839

In 2 Sections—Section 2

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 187 Number 5740 New York 7, N. Y., Thursday, May 8, 1958 Price 50 Cents a Copy

THE SECURITY TRADERS ASSOCIATION OF NEW YORK, INC.

22nd ANNUAL DINNER

AT WALDORF - ASTORIA APRIL 25, 1958

President

John F. McLaughlin
McLaughlin, Kaufman & Co.

First Vice-President

Bernard J. Conlon
P. F. Fox & Co., Inc.

Second Vice-President

Barney Nieman
Carl Marks & Co. Inc.

Treasurer

Wilbur Krisam
John C. Legg & Company

Secretary

Salvatore J. Rappa
F. S. Moseley & Co.

DIRECTORS

John S. Barker
Lee Higginson Corporation

Joseph H. Billings
Cowen & Co.

S. E. Dawson-Smith
Cruttenden, Podesta & Co.

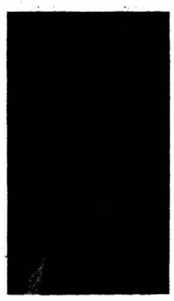
Walter L. Filkins
Troster, Singer & Co.

Sidney Jacobs
Sidney Jacobs Co.

Edward J. Kelly
Carl M. Loeb, Rhoades & Co.

Nathan A. Krumholz
Siegel & Co.

John D. Ohlandt, Jr.
New York Hanseatic Corporation



Elbridge H. Smith
Stryker & Brown

Arnold J. Wechsler
Ogden, Wechsler & Co.

Lyonel Zunz, *Moser & Singer;* Hon. Louis J. Lefkowitz New York State Attorney General, Albany, N. Y.; John McLaughlin, *McLaughlin, Kaufman & Co.;* Bernard Tompkins, Counsel to STANY; Charles E. Sigety, Assistant Attorney General, State of New York, Albany

Charles Bodie, *Stein Bros. & Boyce,* Baltimore; Nathan Krumholz, *Siegel & Co.,* New York; Robert Diehl, *Paine, Webber, Jackson & Curtis,* Los Angeles; Soren D. Nielsen, *Beil & Hough, Inc.,* St. Petersburg, Fla.; Thomas L. Curry, *Stone & Webster Securities Corporation*

Sid Siegel, *Siegel & Co.;* John W. Bunn, *Stifel, Nicolaus & Co. Incorporated,* St. Louis; Joseph Smith, *Newburger & Co.,* Philadelphia; Charles Bodie, *Stein Bros. & Boyce,* Baltimore, Md.

Col. Oliver J. Troster, *Troster, Singer & Co.;* Walter Haubert, *Jesup & Lamont;* Daniel Daly, *Jesup & Lamont;* Vincent Shea, *Glore, Forgan & Co.*

Howard King, *Hornblower & Weeks;* Robert Unsworth, *Brown, Lisle & Marshall,* Providence, R. I.; Gerry McCue, *G. H. Walker & Co.,* Providence, R. I.; Wilfred G. Conary, *G. H. Walker & Co.,* Providence, R. I.; A. M. Johnson, *G. H. Walker & Co.,* Bridgeport, Conn.

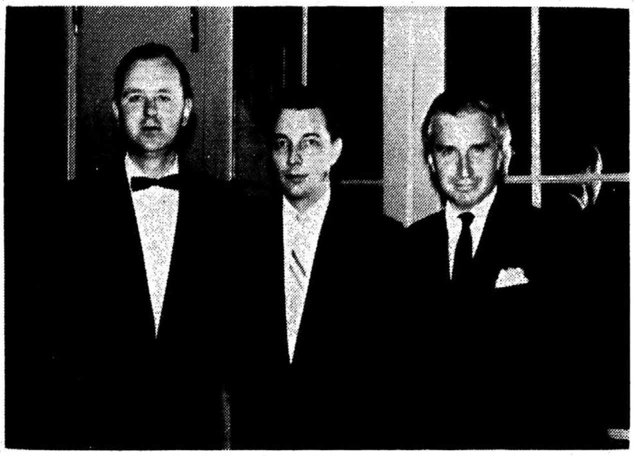
Herbert Singer, *Singer, Bean & Mackie, Inc.;* Robert Cass, *Evans MacCormick & Co.,* Los Angeles; Harry Fahrig, *Reynolds & Co.,* Philadelphia; P. Fred Fox, *P. F. Fox & Co., Inc.;* Ed Christian, *Suplee, Yeatman, Mosley Co., Incorporated,* Philadelphia

Mickey McBride, *Midland Securities Corpn. Ltd.,* Toronto; A. R. Smith, *Bank of Montreal,* Toronto; Rolf MacKeen, *Greenshields & Co. (N. Y.), Inc.;* Lou Walker, *National Quotation Bureau*

James B. Maguire, *J. B. Maguire & Co., Inc.,* Boston; Richard Barnes, *A. M. Kidder & Co., Inc.;* Guy R. Hogarth, *E. M. Bradley & Co., Inc.,* New Haven, Conn.; Nippy Strothmann, *A. M. Kidder & Co., Inc.;* Don Jacobs, *Conning & Co.,* Hartford

Ed Kraebel, *Mabon & Co.;* Gene Statter, *Mabon & Co.;* Lou Zwahl, *Mabon & Co.*

Arthur C. Murphy, *A. C. Allyn and Company, Incorporated,* Boston; Raymond A. Maher, *A. C. Allyn and Company, Incorporated,* Chicago; Thompson Wakeley, *A. C. Allyn and Company, Incorporated,* Chicago



Pete Broderson, *A. M. Kidder & Co., Inc.;* Jack Christian, *Janney, Dulles, Battles & Co., Inc.;* Philadelphia; Patrick Caldana, *A. M. Kidder & Co., Inc.,* Bridgeport, Conn.

Tony Mele, *Burnham and Company;* Ted Schneider, *Burnham and Company;* William V. Frankel, *Wm. V. Frankel & Co., Incorporated*

Wilbur Krisam, *John C. Legg & Company;* John Hudson, *Thayer, Baker & Co.,* Philadelphia; Arnold J. Wechsler, *Ogden Wechsler & Co.,* New York; Hank Serlen, *Josephthal & Co.;* John J. Flanagan, *Josephthal & Co.*

Leo V. Smith, *Leo V. Smith & Co.,* Syracuse, N. Y.; Bob Hawkey, *E. F. Hutton & Company,* New York; A. Mercovich, *Laidlaw & Co.;* John Latshaw, *E. F. Hutton & Company,* Kansas City, Mo.

Jack Barker, *Lee Higginson Corporation;* Bob Diehl, *Paine, Webber, Jackson & Curtis,* Los Angeles

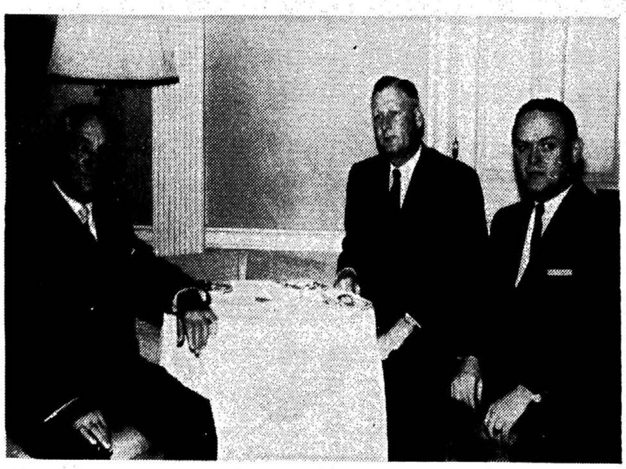
Jim Concagh, *Nesbitt, Thomson and Company, Inc.;* John Shanahan, *Dawson, Hannaford Inc.;* Ivor Murray, *Nesbitt, Thomson and Company, Inc.*

Mickey Pauley, *Troster, Singer & Co.;* George Yook, *Lazard Freres & Co.;* Jay Sullivan, *Hardy & Co.*

Irving Greene, *Greene and Company;* Charles D. Runyan, *Bank of North America*

John Butler, *First Boston Corporation;* Bud Hardy, *First Boston Corporation,* Philadelphia; Arthur Vare, *Kalb, Voorhis & Co.*

Clifton B. Smith, *Francis I. du Pont & Co.;* Elmer Myers, *John R. Boland & Co., Inc.*

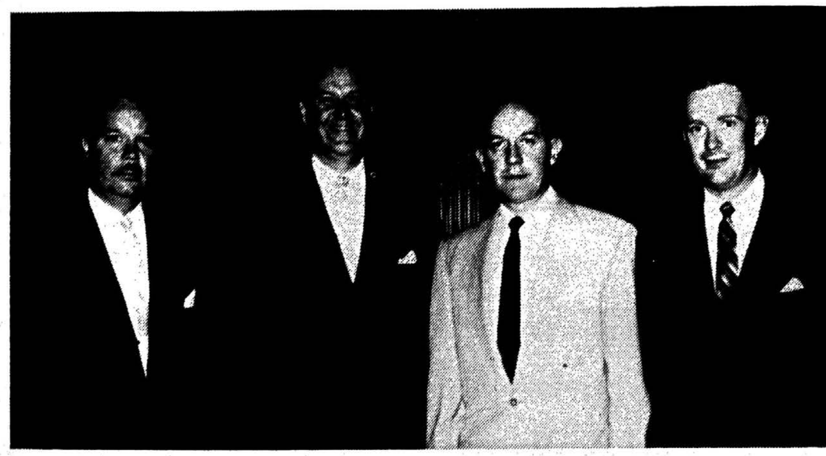


Benjamin Jacobson, *Benjamin Jacobson & Sons;* Fred Hilfiker, *Benjamin Jacobson & Sons;* James J. Corrigan, Jr., *F. J. Connelly & Co.*

Firmin D. Fusz, *Fusz-Schmelzle & Co., Inc.*, St. Louis; Edward Matthews, *Coburn & Middlebrook, Incorporated*, Hartford, Conn.; Norman Maigret, *Coburn & Middlebrook, Incorporated*, Hartford; George Zimmermann, *Cowen & Co.*

L. F. Wade, *Dominion Securities Corporation*, New York; A. B. Bogardus, *Burns Bros. & Denton, Inc.;* William Boothe, *Burns Bros. & Denton, Inc.*

Ed Zinna, *Smith, Barney & Co.;* James G. Mundy, *Suplee, Yeatman, Mosley Co., Incorporated,* Philadelphia; Milton Soukup, *Smith, Barney & Co.*



Joseph Cabble, *Burns Bros. & Denton, Inc.;* Frank Ronan, *New York Hanseatic Corporation;* Bernie Eberwein, *Alex. Brown & Sons,* Baltimore; Tom Brown, *Simmons & Co.*

Ross Yunker, *A. M. Kidder & Co., Inc.;* Angelo Martinelli, *Josephthal & Co.;* Bernard Weissman, *Gold, Weissman Co.;* Milton Capper, *Capper & Co.,* Jersey City, N. J.; Joseph Flanagan, *John J. O'Kane, Jr. & Co.*

Nat Birnbaum, *Birnbaum & Co.;* "Duke" Hunter, *Wellington Hunter Associates,* Jersey City, N. J.; Don Sherwood, *Reynolds & Co.,* Chicago; Bill Sabah, *Winslow, Cohu & Stetson*

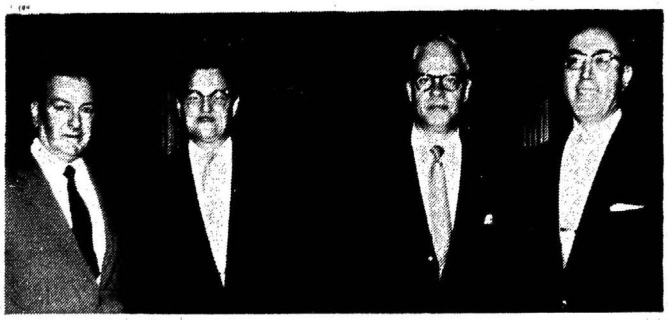
Aaron Netburn, *New York Hanseatic Corporation;* Jack Honig, *New York Hanseatic Corporation;* Al Kaidy, *Winslow, Cohu & Stetson;* David R. Mitchell, *Hill, Thompson & Co., Inc.*

Martin King, *Sutro Bros. & Co.*; Frank Hall, *Sutro Bros. & Co.*; Pete Brittain, *Shearson, Hammill & Co.*; Paul Jacoby, *Asiel & Co.*; John F. Reilly, *J. F. Reilly & Co., Inc.*, Jersey City, N. J.; William V. Frankel, *Wm V. Frankel & Co. Incorporated*

Leo Newman, *American Securities Corporation*, Boston; Paul Hennessey, *Eaton & Howard, Incorporated*, Boston; Clive Fazioli, *White, Weld & Co.*, Boston; Peter Noon, *Hoit, Rose & Company*; Charles Clausen, *Hoit, Rose & Company*

Corb Liston, *Prescott & Co.*, Cleveland, Ohio; Robert Strauss, *Daniel F. Rice and Company*, Chicago; Jim McFarland, *Stroud & Company Incorporated*, Philadelphia; Eddie Abele, *Securities Trading Corporation*, Jersey City, N. J.; Ray Morris, *Stroud & Company, Incorporated*, Philadelphia

Martin Gilbert, *Van Alstyne, Noel & Co.*; Morrison Gilbert, *J. A. Winston & Co., Inc.*; Edward Abele, *Securities Trading Corporation*, Jersey City, N. J.; Albert Bernstein, *J. A. Winston & Co., Inc.*; Jack Howard, *Langley-Howard, Inc.*, Pittsburgh; Irving Bernstein, *J. A. Winston & Co., Inc.*



Jack Sammon, *John J. O'Kane, Jr. & Co.;* Ed Schaefer, *H. D. Knox & Co., Inc.;* Joe Titolo, *Harris, Upham & Co.;* Jerry Aal, *Bache & Co.*

George Riss, *Waldorf-Astoria;* George Searight, *Searight, Ahalt & O'Connor, Inc.;* Edward J. Enright, *New York Security Dealers Association;* John P. O'Reilly, *Waldorf-Astoria;* Robert N. Kullman, *John J. O'Kane, Jr. & Co.*

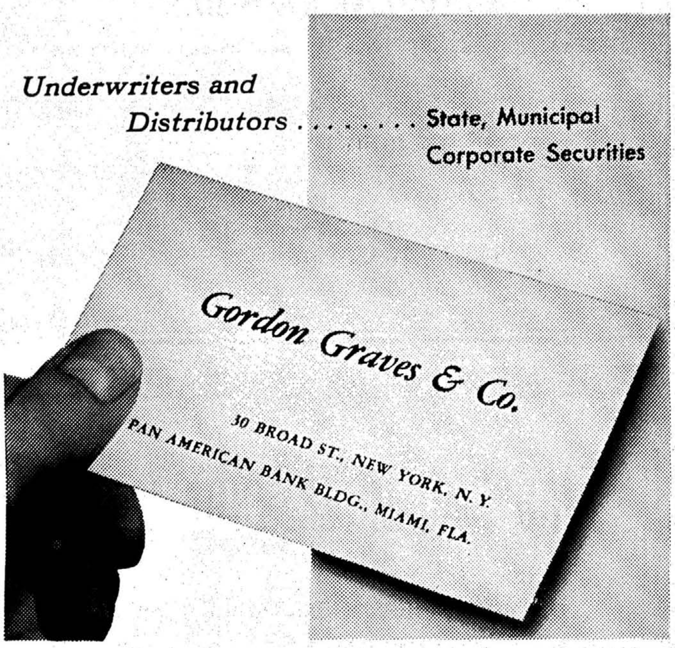
Samuel E. Magid, *Hill, Thompson & Co., Inc.;* A. J. Sano, *Sano & Co.;* Frank T. Harrington, *H. D. Knox & Co., Inc.,* Boston; David H. Magid, *Hill, Thompson & Co., Inc.*

Bob Wien, *M. S. Wien & Co.,* Jersey City, N. J.; Lester Gannon, *Sherry, Maloney & Company, Inc.;* Norris Rosenbaum, *Englander & Co., Inc.;* Bob Franklin, *M. S. Wien & Co.*

Michael Schneider, *Burnham and Company;* Larry Schneider, *Burnham and Company;* Albert Cohen, *Gruss & Co.;* William Tooker, *Salomon Bros. & Hutzler*

Milt Van Riper, *Cruttenden, Podesta & Co.;* Calvin Clayton, *Clayton Securities Corporation,* Boston; William D. O'Connor, *Shelby Cullom Davis & Co.;* Walter C. Nester, *M. A. Schapiro & Co., Inc.*

Walter Huke, *H. Hentz & Co.;* Warren Reardon, *H. Hentz & Co.;* Frank McCormack, *H. Hentz & Co.;* John R. Boland, *John R. Boland & Co., Inc.*



John J. D'Arcy, *F. L. Putnam & Company, Inc.*; Boston; Charles E. Skelton, *Bank of New York*; Edward J. Meehan, *Chase Manhattan Bank*; Tom Meaney, *Wellington Fund*, Philadelphia; Edward L. Stein, *Asiel & Co.*; James J. Kelly, *Chase Manhattan Bank*

Robert Unsworth, *Brown, Lisle & Marshall*, Providence, R. I.; Gerry McCue, *G. H. Walker & Co.*, Providence, R. I.; William C. Roberts, Jr., *C. T. Williams & Company, Inc.*, Baltimore; Jim Maguire, *J. B. Maguire & Co., Inc.*, Boston

Joe Smith, *Newburger & Co.*, Philadelphia; John Butler, *First Boston Corporation*; Sid Jacobs, *Sidney Jacobs Co.*; Sid Holtzman, *Singer, Bean & Mackie, Inc.*; Bill Kumm, *Hill, Darlington & Co.*

Milton Soukup, *Smith, Barney & Co.*; Harry Simmons, *Simmons & Co.*; Burt Rubin, *Simmons & Co.*; Tom C. Brown, *Simmons & Co.*; Bernie Shwidock, *Simmons & Co.*

Harold Brown, *Winslow, Cohu & Stetson;* George Martens, *Winslow, Cohu & Stetson;* Irving Maxfield, *Winslow, Cohu & Stetson;* George Dedrick, *Gregory & Sons;* Everett W. Snyder, *E. W. Snyder and Co.,* Syracuse, N. Y.

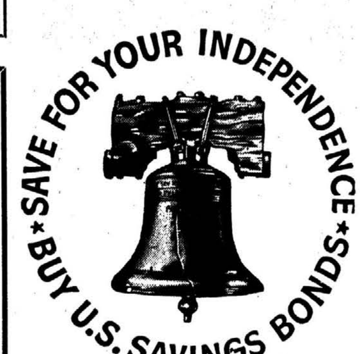
J. C. Blockley, *Harris, Upham & Co.;* Tom Greenberg, *C. E. Unterberg, Towbin Co.;* Herk Mottino, *Harris, Upham & Co.;* Tom Unterberg, *C. E. Unterberg, Towbin Co.*

Hal Murphy, *Commercial & Financial Chronicle;* Latham Burns, *Burns Bros. & Denton, Inc.;* Ted Pollard, *Burns Bros. & Denton, Inc.;* Rex Stevenson, *Nesbitt, Thomson and Company, Inc.*

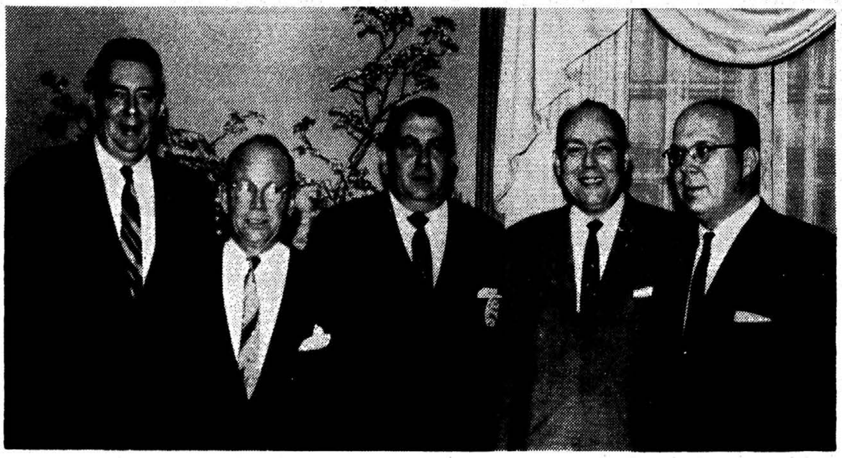
Andy Beyfuss, *Kean, Taylor & Co.;* Clarence Nelson, *Baker, Weeks & Co.;* Rolly Gunther, *Baker, Weeks & Co.;* Ray Wildey, *Baker Weeks & Co.*

Bob Lienhard, *Troster, Singer & Co.;* Lester J. Thorsen, *Glore, Forgan & Co.,* Chicago; Herbert E. Beattie, *H. A. Riecke & Co., Inc.,* Philadelphia; Charles Offerman, *Troster, Singer & Co.*

Bob Batyr, *Boettcher and Company,* New York; Sam De Socio, *L. H. Ingraham & Co.;* Pete Brown, *Boettcher and Company;* Ernie Lienhard, *Troster, Singer & Co.*



Lester J. Thorsen, *Glore, Forgan & Co.*, Chicago; Gene Brady, *Gordon Graves & Co.*, New York; John J. Meyers, *Gordon Graves & Co.*; William H. Salisbury, *Eastman Dillon, Union Securities & Co.*



Walter Saunders, *Dominion Securities Corporation;* Don Sherwood, *Reynolds & Co.*, Chicago; Al Tisch, *Fitzgerald & Company;* Gil Busch, *Albert Frank-Guenther Law, Inc.;* Royal H. Plenty, *Philadelphia Inquirer*, Philadelphia

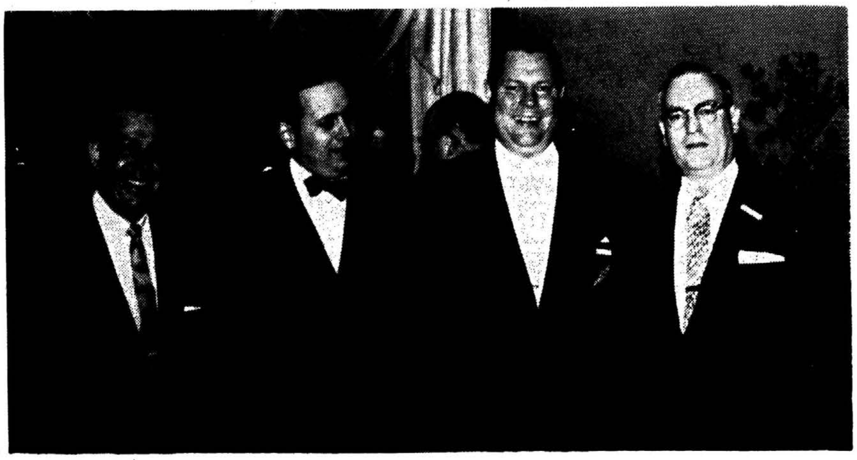
Julius Golden, *Greene and Company;* Reg Knapp, *G. C. Haas & Co.;* Tom Curry, *Stone & Webster Securities Corporation;* Dan Mullin, *Tucker, Anthony & R. L. Day;* Joe Conlon, *Grace Canadian Securities, Inc.*

Mort Cayne, *J. N. Russell & Co., Inc.*, Cleveland; Ed J. Kelly, *Carl M. Loeb, Rhoades & Co.*

Alonzo Lee, *Sterne, Agee & Leach*, Birmingham, Ala.; Barney Nieman, *Carl Marks & Co., Inc.*; Edward J. Beakey, *E. W. Eddy & Co.*, Hartford, Conn.; Joseph Markman, *Newburger & Co.*, Philadelphia; Albert Teller, *Albert Teller & Co.*, Philadelphia

Bob Kullman, *John J. O'Kane, Jr. & Co.*; Seymour Blauner, *Sinclair Securities Corp.*; Sal Rappa, *F. S. Moseley & Co.*; Harry Zeeman, *Carl Marks & Co. Inc.*

Mort Hanley, *Edwards & Hanley*, Hempstead, N. Y.; Joe Bond, *Candee & Co.*; George Adams, *Norris Adams Limited, Toronto*; Bill Candee, *Candee & Co.*



Earl Hagensieker, *Reinholdt & Gardner*, St. Louis, Mo.; Ed Streat, *National Securities & Research Corporation*; Walter Filkins, *Troster Singer & Co.*; Elbridge Smith, *Stryker & Brown*

Robert Keenan, *Troster, Singer & Co.;* John F. Gibson, *Hopper, Soliday & Co.,* Philadelphia; Robert W. Bull, Jr., *Jacobs & Low;* Bert Pike, *Troster, Singer & Co.*

Jack Murphy, *Hornblower & Weeks,* Philadelphia; Vincent Naddeo, *Thomson & McKinnon;* Frederick Weil, *Thomson & McKinnon;* Jim McGivney, *Hornblower & Weeks,* New York

Wesley Bishop, *Smith, Bishop & Co.,* Syracuse, N. Y.; Don Sloan, *Donald C. Sloan & Co.,* Portland, Oregon; Maurice Hart, *New York Hanseatic Corporation;* Charles H. Dudichum, *Delaware Fund, Inc.,* Philadelphia

Robert M. Topol, *Greene and Company;* Stan Dawson-Smith, *Cruttenden, Podesta & Co.*

Charles H. Jann, *Estabrook & Co.;* Carl K. Gish, *Boettcher and Company;* William J. Lutz, *Colgate Hoyt & Co.;* Robert Wallace, *Troster, Singer & Co.*

Sam Felstein, *A. G. Edwards & Sons,* St. Louis; Leonard Butt, *Mead, Miller & Co.,* Baltimore, Md.; Frank Boyce, *Carl M. Loeb, Rhoades & Co.;* Louis Stirling, *Betts, Borland & Co.,* Chicago; Bob Barbanell, *Carl M. Loeb, Rhoades & Co.;* Al Davis, *Carl M. Loeb, Rhoades & Co.*

Ed Whiting, *Carl M. Loeb, Rhoades & Co.;* Ron McCuaig, *Greenshields & Co., Limited,* Toronto; Arthur Pearce, *Greenshields & Co., Inc.,* Montreal; Giles Montanye, *Carl M. Loeb, Rhoades & Co.*

Charles H. Jann, *Estabrook & Co.;* Carl K. Gish, *Boettcher and Company;* William J. Lutz, *Colgate Hoyt & Co.;* Robert Wallace, *Troster, Singer & Co.*

Sam Felstein, *A. G. Edwards & Sons,* St. Louis; Leonard Butt, *Mead, Miller & Co.,* Baltimore, Md.; Frank Boyce, *Carl M. Loeb, Rhoades & Co.;* Louis Stirling, *Betts, Borland & Co.,* Chicago; Bob Barbanell, *Carl M. Loeb, Rhoades & Co.;* Al Davis, *Carl M. Loeb, Rhoades & Co.*

Ed Whiting, *Carl M. Loeb, Rhoades & Co.;* Ron McCuaig, *Greenshields & Co., Limited,* Toronto; Arthur Pearce, *Greenshields & Co., Inc.,* Montreal; Giles Montanye, *Carl M. Loeb, Rhoades & Co.*

Irving Stein, *Capper & Co.*, Jersey City, N. J.; Gerard Hulsebosch, *Godnick & Son;* Albert J. Caplan, *Albert J. Caplan & Co.*, Philadelphia; A. A. Harmet, *A. A. Harmet & Co.*, Chicago

Ed Holmes, *Joseph Faroll & Co.;* Mike Voccoli, *Savard & Hart;* John Stein, *Wm V. Frankel & Co. Incorporated;* Ed Foran, *Dominion Securities Corporation*

Fritz "Red" Johnson, *John J. O'Kane, Jr. & Co.;* Frederick L. Bock, *John J. O'Kane, Jr. & Co.;* Jack Schait, *Alexander Reid & Co.*, Newark, N. J.; Henry Jeret, *Hirsch & Co.;* Henry Fricke, *Anglo-American Securities, Inc.*

Percy J. Wien, *M. S. Wien & Co.*, Jersey City, N. J.; Lee Monett, *National Association of Securities Dealers;* John F. Reilly, *J. F. Reilly & Co., Inc.*, Jersey City, N. J.; Mel Wien, *M. S. Wien & Co.*, Jersey City, N. J.

Raymond McKernan, *Carl M. Loeb, Rhoades & Co.;* Ed J. Kelly, *Carl M. Loeb, Rhoades & Co.*

Pete Milloy, *White, Weld & Co.;* Harry Walker, *White, Weld & Co.*, Boston; Connie Sheridan, *Mitchell & Company;* Frank G. Harrington, *H. D. Knox & Co., Inc.*, Boston; Ed Larkin, *White, Weld & Co.*, New York; Bob King, *Charles King & Co.*

Who Pays for Tariff Protection?

By JOHN L. ROWE
Resident Manager, Blair & Co., Tulsa, Okla.

Blair's Oklahoman representative asks whether we ever learn from past mistakes in asserting tariff restrictions jeopardize our profit and loss system and economic growth, and invite retaliatory tariffs. Mr. Rowe refers to what was once the heart of the isolationist belt, Cedar Rapids, Iowa, as typical example to refute Senator George W. Malone's claims against the Trade Agreements Act. Asserts the answer to substandard "foreign and domestic" labor is a more highly skilled labor force and technologically advanced economy, and demands we place general welfare of our great Republic above narrow, myopic desire to protect a few favored constituents.

The importance of foreign trade to our very survival as a constitutional Republic was vividly demonstrated when a Republican Congress under a Republican President adopted in 1928 the infamous Hawley-Smoot Tariff. The world-wide chain reaction that followed was demonstrated by the adoption of retaliatory tariffs, even embargoes, throughout the society of nations. Famed British economist Sir George Paish had warned, "America's action makes world bankruptcy inevitable." So it did for many nations.


John L. Rowe

The Hawley-Smoot Tariff hastened the spirit of nationalism abroad; it fostered dictatorship; it directly hastened the world currency and trade breakdown which brought into being "A New Deal" for America—the same New Deal espoused and envisioned by Stuart Chase in his book so titled.

Tariffs Invite Tariffs

Our Constitutional forefathers obviously had no conception of the all-pervasive and complex changes in the methods of production, the structure of raw materials, the composition of industrial output that our amazing advances in scientific knowledge is achieving. The inter-dependence of the individual segments of our economy domestically and world-wide is a part of this scientific-industrial revolution that still unfolds day by day. Managements of large corporations, entrusted with the care of their and others property, are rightfully concerned that well-intended though short-sighted and ill-informed tariff advocates are intent once again on isolating America from the society of nations. Economic freedom is just as important to businessmen as is the political freedom enjoyed by civic groups.

Not only must people have access to what other people produce but their own products — farm and manufactured — must have some reasonable chance of world-wide circulation. Tariffs here mean tariffs there! The American role should continue spotlighting the evils of tariffs and embargoes. The Trade Agreements Act is designed to attain this objective. There should be no political mockery and sectional paradoxes aimed at protecting a weak business here—a weak business there. The Marxist world has set its course to destroy our democratic society by foul means or fair. Failure to enact the Trade Agreements Act could be the greatest boon ever to further communistic expansion. Tariff walls almost leveled our cherished profit and loss system once. Can we never learn from past mistakes?

Would Stop Growth

Many reasons can be assigned to the amazing growth and development of our continent. There is the abundance of natural resources. There is the character, industry and ingenuity of our people. Equally important is the freedom of our political institutions. What might have happened to our amazing industrial growth had the New England states embargoed underpriced woolens and cottons originating in Georgia, Alabama and Mississippi on the flimsy pretext that the South's cheap labor and water power had brought New England's once prolific textile industry to the brink of disaster? From overalls to overalls in three generations is probably the answer to the fate of New England's textile industry. The misfits fatten in wartime — whereas normal peacetime trade always separates boys from men.

The greatest contributing factor to our astonishing industrial growth can be attributed to the fact that we have carefully avoided trade barriers which would impede the exchange of goods between the states, our island possessions and our friends and foes abroad. In this high-speed mechanical world reduced in size by industrial and transportation developments, our present lofty standard of living and our priceless leisure will never be maintained unless the exchange of goods over the whole world can be enlarged and broadened. A step in this direction is the Trade Agreements Act.

Subsidizes the Incompetent

As it did following World War I, Southern California once again finds the solvency of its tuna fish industry imperiled by Japanese imports. During World War II, those who required essential employment to earn gasoline ration stamps or to avoid military service joined the war-inflated tuna industry. Is a more delightful, engaging and healthy profession available in wartime? With Japan our opponent, here was a protected, sheltered and essential vocation, even avocation. Now, with the industrious Nipponese or American-born Japanese back at their jobs, the indolent and indigent again cry for tariff protection. Who pays for this tariff protection? Isn't it the American housewife? Does the over-expansion of the tuna industry differ from war-expanded agriculture? But for price supports and acreage restrictions, fewer than half the present farmers could easily provide all the food our nation requires. The inefficient, subsistence farmers will continue as a welfare problem for the states and nation. Like the textile worker and the subsistence farmer, most tuna fisherman exist in peacetime —prosper in wartime. So be it! Are not tariffs another devious device to penalize the competent —subsidize the incompetent?

Our social structure in this scientific-industrial revolution develops inequities. Inequities are the price of progress. Automatic devices displace routine labor. To offset the cost factor of substandard foreign and domestic labor, tariffs are not the answer. To meet the demands of this scientific-industrial age, our work force must become more skilled. Further technological advances are the American way. More time will be spent in vocational and cultural schools. The need for teachers will rise sharply. Higher incomes, higher pension and retirement allowances, coupled to increased amounts of leisure time, are characteristic of a richer and, we trust, a more civilized society. As the progeny of the working classes of Europe and Asia, is not this our debt to the founding fathers? Would not isolation via tariffs and embargoes be once again a surrender of our dominant position as the acknowledged world power?

Those who would again discredit or underestimate that 10% of our national income attributed to foreign trade should hark back to 1929-1933 when the movement of goods to and from foreign lands virtually ceased. Was it not proven conclusively in those dark and foreboding years that this 10% of our national income was the cushion which provided the difference between profit and loss for American industry? Examine the record! Are not the figures and evidence there?

Answers Senator Malone

Cedar Rapids, Iowa, is some 800 miles from New Orleans, its nearest seaport. Here was once the heart of the isolationist belt. Cedar Rapids families will tell you now that their high and effective buying power is directly attributable to a thriving export trade. Corn, cornmeal, popcorn, oat flour, cereals, stock and poultry feed, meat products and lard are among the agricultural products exported. The Foreign Trade Bureau of the Cedar Rapids Chamber of Commerce was established in 1947. Its educational program is unique. Its activities refute by action, not words, every claim against the Trade Agreements Act made by Senator George W. Malone.

Cedar Rapids, Iowa, is shipping local products to some 58 countries. There are vitamins to Iceland, dresser sets to Lebanon, radio sets to India, complete rice mills to Spain and road builders to Cuba. Some 20% of Cedar Rapids manufactured goods is being sold abroad. One out of every ten persons employed in Cedar Rapids earns a livelihood directly or indirectly from export trade. What is true for Cedar Rapids is true in Fitchburg, Massachusetts, in Allentown, Pennsyylvania, in Dekalb, Illinois, in Tiffin, Ohio, in Fort Edward, New Work, in Bucyrus, Ohio, in every town or city from Seattle, Washington, in the far west eastward to New York City.

Inequities and injustices are bound to creep into the workings of the Trade Agreements Act. They appear now in connection with oil imports. Yet are the more vociferous opponents of oil imports interested in the general welfare of our great Republic or in a singular and myopic desire to protect domestic oil prices and profits? Are not delays in correcting obvious inequities the price we pay under democratic processes? Think of the endless wait should the clock be turned back to Hawley-Smoot years when Congressional politicing, lobbying and log-rolling displaced executive action? Do not the vociferous supporters of our present Supreme Court decry what is regarded as disingenuous opinions or slipshod handling of this case or that? Do not intelligent people regard the controversial legal manifesto as a human failing in a human institution? In due course, does not the constructive criticism of the American bar plus a vociferous public bring needed corrections? Are not these occasional wrong decisions the price we pay for an independent judiciary? So is it with reciprocal trade—the indigent and insecure cry out for tariff protection. It was ever thus!

Not Congress, But Executive Direction

To those among us who now distrust progress and change in governmental procedure, I would point to the conclusions reached 50 years ago by Charles Warren in his exhaustive study of legislative and judicial attacks on the Supreme Court. He wrote then that attacks on the court and devotion to states rights was based not so much on dogmatic political theories or beliefs as upon the particular economic, political or social legislation which the decisions of the court happened to sustain or overthrow. As it did a half century ago, our society moves forward in keeping with the technological and scientific advances of our time. To turn again tariff regulation back into Congress would be a betrayal of every thinking American businessman — every enlightened Chamber of Commerce member—millions of factory employees who rightfully believe the executive branch of government is just as concerned with the prosperity and welfare of our people as is the Congress—maybe more so. If injustices are perpetuated through the Administration of the Trade Agreements Act, let Congress disclose such injustices. Nevada's Senator Malone is essentially concerned with delegation of power—not the challenging opportunity to help create a better society in which men and women the world around can live and grow—invigorated by our kind of independence, our kind of freedom and our kind of constitutional government.

To effectively and efficiently regulate foreign trade, the existing flexible tariff law should be administered under executive direction. This is not the timbered land of our forefathers. Tariffs must be subject to constant study and review. Has not the executive branch and Congress a common purpose—service to all the American people, not just a few favored constituents? The Trade Agreements Act should be renewed. For expediency and alertness, it should be administered under executive direction. Intelligent and visionary Americans vigorously support this vitally needed law.

Halsey, Stuart Group Offers N. J. Bell Tel. Co. 3 7/8% Debentures

Offering of $30,000,000 New Jersey Bell Telephone Co. 35-year 3 7/8% debentures due April 1, 1993 was made on May 6 by an underwriting group headed by Halsey, Stuart & Co. Inc. at 101.056% and accrued interest, to yield 3.82% to the purchaser. The group won award of the issue at competitive sale on May 5 on a bid of 100.1799%.

New Jersey Bell Telephone will use proceeds from the sale of the debentures, together with other corporate funds, to refund $30,000,000 outstanding 4 7/8% debentures due Sept. 1, 1993 which the company intends to call for redemption in June, 1958 at 107.146%.

The debentures offered today are redeemable at the option of the company at prices ranging from 106.056% to 100%, depending upon the year of redemption.

The company earned its 1957 fixed charges 10.77 times.

E. F. Halpert Opens

(Special to THE FINANCIAL CHRONICLE)

BROOKLYN, N. Y.—Ephraim F. Halpert is engaging in a securities business from offices at 1540 Thirtieth Street.

Open-End Mortgages Termed Economic Prop

City Title Insurance head opines "open-end mortgage" loans provide recession cushion for homeowners, lenders, and the entire economy.

The new, modern "open-end mortgages," that have been used to finance the purchase of a steadily mounting number of homes since 1950 promise to pay off in extra benefits for the entire economy in the current economic recession, it was noted, the other day, by Saul Fromkes, President of the City Title Insurance Company, of New York.

Saul Fromkes

Home buyers who had the fortune or the foresight to obtain "open-end mortgages" now have the privilege to re-borrow whatever portion of the principal they have repaid on their original loans under inexpensive, simplified procedures, and in some instances can even increase an existing mortgage above its original amount, explained Mr. Fromkes, whose firm was the first in New York to write title insurance for "open-end mortgage" re-advances, in 1952.

With an "open-end mortgage," a homeowner can borrow needed funds on the security of his home without having to go through the cumbersome, costly process of taking out an entirely new mortgage, or resorting to much more expensive second - mortgage or short-term consumer credit borrowing. Under an "open-end mortgage," Mr. Fromkes pointed out, the re-advance or additional borrowing becomes part of the original first - mortgage obligation. It usually is made at the same low, first mortgage interest rate, and the repayment is merged into the regular monthly payments over the remaining years that the original mortgage still has to run.

Available on Some FHA Loans

FHA mortgages with "open-end" provisions were first permitted in 1954, and FHA mortgage re-advances are limited to repairs, improvements or additions to the mortgaged property, and cannot exceed the original mortgage total, according to the City Title President. But the Veterans Administration, which has always approved open-end re-borrowing on G.I. mortgages, is much more liberal. On VA mortgages re-borrowing for home modernization can include expenditures for major appliances, and if important additions or alterations are involved the re-borrowing may be allowed to exceed the total of the original loan.

On so-called conventional mortgages (neither FHA, nor VA), Mr. Fromkes added, most lending institutions are willing to make open-end mortgage re-advances without any restrictions on the use of the re-borrowed funds.

With June S. Jones

(Special to The Financial Chronicle)

PORTLAND, Oreg. — Peter D. Williams is now with June S. Jones & Co., U. S. Bank Building.

G. T. Tilton Opens

(Special to The Financial Chronicle)

SAN ANTONIO, Tex.—George T. Tilton is engaging in securities business from offices at 2003 San Pedro.

Continued from page 3

Effects of the U.A.W. Profit-Sharing Plan

which I assume in these calculations to mean the total equity of stockholders at the beginning of the year—and call the remainder the "excess" earnings. The UAW share is to be 25% of this "excess." On this basis, I have calculated the UAW share for each of the four years 1954-57; and I have assumed, for each year, that the Plan first went into effect for that year and had no immediate effect on the earnings and payroll (existing basis) figures as actually reported by GM for that year.[2] The relevant figures are (money items in million dollars):

	1954	*1955*	*1956*	*1957*
Payrolls, hourly-rate workers in U. S. plants	1747	2183	1866	1855
U. A. W. share in profits	355	576	350	318
Share as % of payrolls	20.3	26.3	18.8	17.1

If we suppose that UAW distributes its share to its members employed in U. S. plants of GM, we find that in any of the four years this would mean a very large percentage increase in wages — quite an extraordinary increase, even in these days of militant collective bargainings. One may be optimistic enough to hope that such a hand-out, keyed to profits, would be a significant incentive for UAW employees of GM, as a group, to strive for larger profits for the company. But perhaps the UAW high command has so long and thoroughly drilled into its members a contempt for profits and those who secure profits that the membership as a group might forego any effort to increase its profit share lest it thereby increase also the shares going to "greedy" managers and stockholders. Moreover, much experience with incentive compensation strongly indicates that effectiveness of such incentives depends upon adjusting the compensation to the performance of each individual. Whether such a complicated scheme of distribution among UAW employees of GM would be administratively feasible, and whether UAW would allow GM management a voice in determining worker performance for this purpose, are questions I can not attempt to answer.

We note also that the percentages vary from year to year, but must remember that, if the Plan had been in effect for the full four years, the latter percentages might differ somewhat from those shown. Nevertheless, large variation from year to year is inevitable under the Plan; and the resultant variation in the total earnings of UAW employees of GM can be expected to produce discontent, and lead to headaches for UAW leadership. Moreover, if we may assume that the Plan is to apply to other motor manufacturers, and calculated corresponding figures for them, we should certainly find large variations among the percentages for the various companies in any one year. If UAW employees of Chrysler, for example, got a much smaller bonus through profit sharing than those of GM, discontent would certainly appear and produce headaches for UAW leaders. In fact, in the present preliminaries to the 1958 contract negotiations, these leaders have objected to certain "inequities," in wage matters, among companies. UAW members will surely sense an inequity if employees of GM get, through profit sharing, 6 to 8% (this differential is by no means unlikely) more than those of Chrysler, for the same work.

II

Second Beneficiary—The GM Customer

The Plan also provides that 25% of the "excess" earnings shall be rebated to customers of the company. We cannot be sure, from press reports, whether all customers or only purchasers of motor cars are intended; but I have assumed that the rebate is to go to all customers, and as a flat percentage of actual sales price. In the case of motor cars and certain other products, the great bulk of GM sales is to dealers; and, if the rebate is to go to the final retail purchaser, some administrative and accounting perplexities may arise. I assume, however, that these difficulties can be overcome, and that the rebate actually reaches all ultimate purchasers, in the specified year, of GM products. The relevant figures (money items in million dollars) are:

	1954	*1955*	*1956*	*1957*
Net sales	9824	12443	10796	10990
Rebate to customers	355	576	350	318
Rebate as % of sales	3.6	4.6	3.2	2.9

This rebate amounts to a substantial delayed price cut, although the percentages would run somewhat lower if total sales were expressed in retail prices instead of at the wholesale figure realized by the company. One may suspect that Mr. Reuther included this feature in the Plan in the hope that it would win support for the Plan from the customers, but some deeper motive may be involved. In any case such a price cut, however uncertain its amount until the annual figures are compiled, is consistent with his suggestion last August that prices of the 1958 car models be cut by at least $100. Mr. Reuther is apparently ready to extend his responsibilities beyond bargaining about the terms of the labor contract, and undertake some portion of the management function of setting price.

The percentage rebate to customers of GM is likely to vary sharply from year to year; and the percentage in any one year is likely to vary sharply among the various motor manufacturers. A prospective purchaser of a car will, under the Plan, wish to consider how he can get the maximum percentage rebate. Can he probably do this by postponing purchase until next year, rather than buying this year? Can he do it by buying a GM car, rather than some other make? Later I comment upon the implications of these customer reactions in relation to cyclical variations in the industry, and to the competitive balance among firms in the industry. At this point, I merely remark that the Plan introduces a new uncertainty and perplexity for the customer who is shopping for a car, or any other product of a motor manufacturer. He has to try to guess the magnitude of the price cut resulting from various courses of action he might follow—only later, after the annual figures of the companies are available, will the answer be definite.

III

First Victim—The U. S. Treasury

In discussing the tax angle of the Plan, I find it necessary to make various assumptions; and this may mean that some of my figures reflecting the Federal Treasury's interest in the Plan are somewhat in error, though I am confident that any such errors cannot be large enough to damage the main inferences from my results. The GM financial statements published in its annual report give a single figure for United States and foreign income taxes, and we therefore do not know what portion is foreign. Almost certainly the overwhelming bulk of the published figure is U. S. tax; and I assume that, for this analysis, the entire figure can be treated as tax going to the U. S. Treasury. In computing the income tax which GM would have to pay under the Plan, I have assumed that the following items are deductible by GM for tax purposes: The profit share of UAW, as part of expense for labor; the rebate to customers, as an effective reduction in gross receipts from sales; and the bonus provision for certain salaried officers, as part of the compensation of officers. All three of these assumptions strike me as entirely valid, under the existing Internal Revenue Code.[3] In computing the tax under the Plan, for any year, I have used as tax rate the percentage ratio of the existing tax to the profit before tax, for that year. The ratios are:

1954	51.0
1955	53.2
1956	52.3
1957	48.8

These percentages differ somewhat from the 52% provided by the Internal Revenue Code. The difference is due partly to the fact that the published tax figure includes at least a small element of foreign tax, and partly to the fact that the published income account of a company need not be completely identical with the income account shown in the company's tax return.

On these assumptions, the GM tax liability under the Plan is shown in the second line of the following table, which estimates the Treasury's loss in corporate income tax as a result of applying the Plan to GM. (Money items in million dollars):

	1954	*1955*	*1956*	*1957*
Income tax, as published	839	1353	894	805
Income tax, under Plan	492	756	557	515
Loss to Treasury	347	597	337	290
Loss as % of present tax	41.4	44.1	37.7	36.0

This table does not, however, give a fair picture of the effect of the Plan on the Treasury; because the table concerns only the corporate income tax of GM. The Treasury will gain through the individual income tax levied on the profit share distributed to UAW employees of GM—if it is distributed to them by UAW, and I assume for present purposes it is. Probably most GM hourly-rate employees have enough income, after deductions and exemptions, to be taxable; but probably most of them, even after receiving their profit share, would not have enough income to be taxable above the minimum rate of 20%. I believe we may fairly assume that, if the UAW share is distributed to its GM members, the whole amount is taxable at 20%. The relevant figures (in million dollars) are:

	1954	*1955*	*1956*	*1957*
Profit share to U. A. W. members	355	576	350	318
Tax, at 20%	71	115	70	64

The Treasury will also gain through its customer rebate on the "defense sales" of GM — the rebate being at the percentages shown for the various years in Section II. The relevant figures (in million dollars) are:

	1954	*1955*	*1956*	*1957*
Defense sales	1371	898	552	560
Rebate to Treasury	49	41	18	16

The Government also purchases from GM various motor cars and possibly other products which are not included in "defense sales" of GM. On these purchases also the Treasury would get rebates at the same percentages. No figures for Government purchases of this type from GM appear in the GM reports, and I can therefore not estimate this item of Treasury gain under the Plan; but we may be sure it is a comparatively small item. I assume that the Treasury could not, under existing law, collect income tax on the rebate to private customers of GM, and do not therefore count any gain to the Treasury from this source.[4]

The Treasury will also have some additional losses as a result of the Plan. The reduction in GM dividends caused by the Plan will reduce the income tax collected by the Treasury from recipients of dividends. Some GM common stock is held by foreigners who are not subject to U. S. tax, and some is held by tax - free domestic institutions. Some is held by taxable domestic corporations (for example, E. I. DuPont de Nemours and Company owns over 20% of GM common); and GM dividends received by such corporations are taxed at an effective rate of about 8%. The remainder is held largely by taxable individual citizens of the U. S.; and, although GM has many small - income stockholders, the bulk of this stock is probably held by individuals in tax brackets far above the 20% minimum. In the absence of specific information on these holdings, one can make only a rough guess as to the average tax rate of taxable individual holders of GM common. And one must remember that, under existing law, dividend income enjoys a small tax concession compared with the rest of an individual's income. Having in mind all these considerations, I venture the guess that the tax derived by the Treasury amounts to 30% of the total common dividends distributed by GM, and am fairly confident that this percentage is more likely to be too low than too high. On this basis the Treasury's loss

2 In fact, as will be abundantly clear from what follows, if the Plan had gone into effect in 1954, the earnings and even the payroll figures for 1954 and later years would be changed, and the equity figures for later years would be changed. Hence, in studying the above table, and also following tables which show figures for a succession of years, the above assumption—that the Plan first went into effect for the stated year and did not change operating results of that year—should be borne in mind.

3 Conceivably the Congress might undertake, through amendment of the law, to make one or more of these items part of taxable income of the Company, on the ground that the item is keyed to profits and is in effect a distribution from profits. Such amendment would, however, encounter various difficulties, because of the variety of payments keyed to profits in many branches of modern industry.

4 Conceivably the Congress might, by amendment of the law, make such rebates taxable as income to the recipients, on the ground the rebates are a distribution of profits; but obstacles to such amendment would be serious.

under the Plan from taxes on GM dividends can be estimated as follows (figures in million dollars):

	1954	1955	1956	1957
Reduction in common dividends (see Section IV)	164	207	249	244
Tax loss, at 30%	49	62	75	73

The Treasury will also lose income tax because of the reduction, under the Plan, of the bonus to certain salaried employees. I ignore, in the following estimate, the fact that the actual bonus payments to such employees, partly in cash and partly in GM stock, may in any one year differ somewhat from the "provision for bonus" charged against income of that year. The reason is that, except for the very small bonus awards, the amount awarded to an officer for any one year is distributed to him in five equal annual installments; and each installment is presumably taxable in the year received. But, in a year such as 1957, he is probably receiving installments on his bonus awards of several previous years; and the total amount of the installments paid to all officers in any one year probably is fairly close to the "provision for bonus" of that year. I assume, for this analysis, that the total amount received as bonus installments in any year is equal to the "provision for bonus" of that year, and am confident that this is not seriously in error. Although some of the GM bonus awards go to officers not having very high salaries (for example, in 1956 the minimum salary rate for bonus eligibility was $7,680), a large portion of the total amount awarded probably goes to individuals having high salaries and in various cases large income from other sources. Information is not available from which we could determine the average rate of tax which the entire group of bonus recipients would pay on their bonus installments, but I venture to set that rate at least as high as 50%. On these assumptions, the Treasury's loss is estimated as follows (figures in million dollars):

	1954	1955	1956	1957
Reduction in bonus (see Sect. V)	31	30	44	41
Tax loss, at 50%	16	15	22	20

The Treasury will, in the typical year under the Plan, also lose revenue from the capital gains tax on transactions in GM stock; because, as set forth in Section IV, the Plan's adverse effects upon the earnings, dividends, and book value per share of GM common stock will almost surely reduce, and perhaps prevent, the advance in market price of the stock and thereby cut realized capital gains. I see no dependable basis for estimating this tax loss, and omit it from the following summary; but I suggest it would at least offset the Treasury gain — also omitted, because it cannot be estimated—from customer rebates on non-defense GM products bought by the Government.

Recasts Treasury's Loss

We now can recast the appraisal of Treasury loss under the Plan (money figures in million dollars):

	1954	1955	1956	1957
Loss in corporate income tax on G. M.	347	597	337	290
Gain from tax on U.A.W. members	71	115	70	64
Gain in rebates on defense sales	49	41	18	16
Loss in tax on G. M. dividends	49	62	75	73
Loss in tax on bonus	16	15	22	20
Net loss to Treasury	292	518	346	303
Same as % of G. M. corporate tax before Plan	34.8	33.3	38.7	37.6

In 1955, the best year GM ever had, the Plan would cost the Treasury over one-half billion dollars, and in each of the other years shown the Treasury loss in revenue would run close to or above $300 million. In each year the Treasury loss is almost as large as the UAW share in GM profits (and likewise the share rebated to customers): the U. S. Treasury would finance practically all of the handout to UAW members (or that to customers). I have seen no mention in press reports of Mr. Reuther's description of the Plan, of this drain on the Federal Treasury; and I suspect that, though he is probably aware of the drain, he prefers not to advertise it to the public. If we are to understand that the Plan is to be extended to other automobile manufacturers, the damage to Federal revenues would be much greater. If we must further expect — as seems likely, in view of the way other labor-union bosses would probably seek to win as large concessions as the UAW—that the Plan would soon be extended at least to the larger corporations in other industries, the drain on the Treasury would be enormous. Even in 1954, which was a year of mild recession and impaired profits, the corporate income tax provided nearly $17 billion for the Treasury. If we may take the percentage loss to the Treasury shown above at 34.8 as roughly indicative of the loss if the Plan were applied to all corporations, we come up with a Treasury loss of nearly $6 billion. Whether the Plan applies only to GM., or only to automobile manufacturers, or to all industry, the Treasury loss is serious; and it must be made up by new or increased taxes, if we are to avoid a budget deficit. Perhaps Mr. Reuther, in addition to seizing management functions in the motor industry, also aspires to manage the Federal Budget. He could have much more fun playing with other people's money on the grand scale of a Federal Budget of over $70 billion than in wasting his talents on the paltry operation of redistributing the few hundred million which GM earns for its stockholders and for the U. S. Treasury.

IV

Second Victim—The Holder of GM Common Stock

The number of holders of GM common stock at the end of 1957 was 691,000, and this greatly exceeds the average number of hourly-rated employees—350,000—during the year. The effects of the plan on the common stockholders of GM may be inferred from the following figures (money items in million dollars):

	1954	1955	1956	1957
Earnings available for common:				
Actual, as published	793	1177	834	831
Under Plan	460	652	515	527
Reduction	333	525	319	304
Reduction as % of actual	42.0	44.6	38.2	36.6
Dividends:				
Actual, as published	437	592	553	555
Under Plan	273	385	304	311
Reduction	164	207	249	244
Reduction as % of actual	37.5	35.0	45.0	44.0
Increase in earned surplus:				
Actual (earnings-dividends)	356	585	281	276
Under Plan	187	267	211	216
Reduction	169	318	70	60
Reduction as % of actual	47.5	54.4	24.9	21.8

In order to estimate the dividends paid, I am obliged to make some assumption as to the dividend policy directors of GM would follow if the Plan were in effect. GM is not one of the companies which strives to maintain a steady dividend rate: the amount paid per common share has changed seven times in the last ten years. In the period 1947-57, it ranged from 50 cents (1947) to $2.17 (1955) per share of present par value. Many companies are reluctant to reduce the "regular" portion of the dividend, though they generally omit the "extra" portion when earnings decline substantially. And even the regular portion is cut if the decline in earnings is very sharp, or is expected to persist.

Application of the Plan to GM would not only produce a very sharp drop in earnings in the first year of application, but would depress earnings in all later years under the Plan. In two of the four years shown above, the earnings under the Plan did not cover the dividends actually paid, and even in 1954 and the happy year, 1955, such earnings covered dividends only by a slim margin. In these circumstances, GM directors would be foolhardy if they maintained even the previous "regular" dividend after the Plan became effective. Moreover, adequate earnings should not be taken as the sole test of a company's capacity to pay cash dividends; availability of adequate cash is also essential. As shown in Section VI, one of the effects of the Plan is an erosion of the cash position of the company. This is another reason impelling a cut in dividends.

How much would the dividend be cut? I see no dependable basis for a precise prediction as to the action of the directors. I am assuming, for the present analysis, that they would pay out as dividends in any year under the Plan, the same percentage of earnings as they have in fact paid out on the average during the 11 years 1947-57. The pay-out percentage varied during that period from 46 (1948) to 71 (1951), and averaged 59 for the whole period. I have, therefore, estimated dividends as 59% of the available earnings. And this implies that the addition to surplus is 41% of earnings.

What do we infer as to the way the Plan treats the stockholder? He suffers a cut ranging from 36.6% (1957) to 44.6% (1955) in earnings per share.[5] He suffers a cut in dividends ranging from 35.0% (1955) to 45.0% (1956). And the addition to earned surplus, which is his major reliance that the company's future earnings will be maintained or perhaps enhanced and that his stock will appreciate in market value, is cut by a percentage ranging from 21.8 (1957) to 54.4 (1955). The inevitable result of these three reductions will be a sharp drop—probably not less than the smaller of the percentages mentioned above—in the market price of his stock. For him to hope that this drop will not occur until after the Plan goes into effect would be unrealistic: the drop will occur with great suddenness as soon as speculators become convinced that the Plan will go into effect. If he holds his GM stock, he gets greatly reduced dividends, and must give up any expectation of substantial future increase in market value. If he sells his stock after the Plan is adopted, he sells in a drastically depressed market. Either way he chooses, he is severely penalized by the Plan. This will probably please Mr. Reuther, for the stockholders — along with the executives, who are discussed in Section V—appear to be the villains in the dramatic production which he repeatedly stages for the enlightenment of his members and other citizens.

5 In any year the Plan's percentage reduction in earnings per share would be identical with the percentage shown above for total earnings. The same can be said of dividends per share and total dividends.

V

Third Victim—The GM Executive

Under the GM bonus plan for certain salaried employees, the maximum amount which may be transferred from earnings in any year to the bonus reserve is determined by a rigid formula, set forth (with detailed computations for the current year) in each annual report. The amount actually credited to the bonus reserve in any year may however, in the discretion of the Bonus and Salary Committee, be less than the computed maximum; and in various recent years the actual amount has been below the maximum permissible.

In calculating the credit to the bonus reserve under the Reuther Plan, I have nevertheless taken the maximum figure indicated by the formula. If we may assume that one purpose of the bonus is to hold in GM service important salaried officers who might otherwise leave to accept attractive offers from other companies, setting the bonus provision below the maximum premitted by the formula might seriously increase the danger that GM would lose essential personnel. Even with my use of the maximum figure, the bonus provision with the Reuther Plan in effect falls sharply below the actual provision, because of the Plan's adverse effect on GM net income. The relevant figures are (money items in million dollars):

	1954	1955	1956	1957
Provision for bonus, as published	75	95	86	80
Provision under Plan	44	65	42	39
Reduction	31	30	44	41
% reduction	41.3	31.6	51.2	51.2

The exceptionally small reduction of 1955 reflects the fact that the committee set that year's provision far below the maximum permissible by the vary large 1955 earnings.

The table clearly indicates a very large cut in the bonus provision for executives under the Plan. Opinions may differ as to whether and how large bonus payments should be made to management. Many companies apparently regard such payments as necessary to hold their executives against competing offers from other firms, and to give executives an incentive to work energetically for the welfare of the company. If the GM Committee has concluded that aggregate

Continued on page 32

Continued from page 31

Effects of the U.A.W. Profit-Sharing Plan

bonus awards ranging from 75 to 95 million dollars are needed for these purposes, one may question whether the greatly reduced amounts under the Plan would adequately serve the purposes. To be sure, if the Plan were applied to all industries, and not merely to motor manufacturers, the ability of outside firms to make highly attractive offers to GM personnel would be impaired; but the weakening of this competition for executive personnel would not mitigate the Plan's reduction in the incentive for efficient executive performance. Mr. Reuther might even discover that impaired incentives of executives could have some unfavorable effect on the ability of UAW members to hold jobs and earn high wages.

VI
Fourth Victim—Financial Soundness of GM

In studying the financial condition of a company, one important test is the cash position. We need not, for the present purpose, examine all elements of cash flow during the year, but only those uses of cash which are directly affected by the Plan.[6] The pertinent figures (in million dollars) are:

	1954	*1955*	*1956*	*1957*
Actual, as published:				
Provision for bonus	75	95	86	80
Income taxes	839	1353	894	805
Sub-total	914	1448	980	885
Common dividends	437	592	553	555
Total	1351	2040	1533	1440
Under Plan:				
Provision for bonus	44	65	42	39
Income taxes	492	756	557	515
U. A. W. share	355	576	350	318
Customer rebate	355	576	350	318
Sub-total	1246	1973	1299	1190
Common dividends	273	385	304	311
Total	1519	2358	1603	1501
Increases under Plan:				
In sub-total	332	525	319	305
In total	168	318	70	61

The increase in the sub-total indicates the extra drain of cash which the Plan would cause if the directors maintained the same dividend as before; whereas the increase in the total shows the extra drain of cash caused by the Plan if dividends are cut, as I have estimated, to a level of 59% payout. On the basis of the unchanged dividend, the cash drain is enormous in each year, and this is one reason why I have insisted in Section IV that the dividend would be cut. On the basis of dividends at 59% of available earnings, the cash drain is enormous for 1955 and seriously large for 1954. For 1956 and 1957 it is only moderate; but, even for GM, the provision of 60 to 70 million dollars of cash when needed is no simple task.[7]

The drain of cash is by itself a serious matter; but it also reduces, until the drain is made up by the conversion of fixed assets to cash or other current assets or by securing financial resources from the outside, net working capital and the ratio of current assets to current liabilities. These reductions impair the credit standing of the company, and may raise difficulties when the company seeks short-term credit from banks or other outsiders.

But another very damaging effect of the Plan on the financial condition of the company is evidenced by the reduction in earnings retained for use in the business (figures appear in Section IV). The long-term capital needs of a company in a highly competitive and steadily developing industry like motor manufacturing are huge. Only by large capital outlays can such a company develop steadily improving products, promote technological advances, provide the elaborate tools with which its employees work, and even maintain its competitive position. The great bulk of such capital needs of GM has over many years been met by retention of earnings. The company did early in 1954 secure $300 million from long-term creditors; and, despite the adverse effects of the Plan on its financial condition, might be able to borrow more on endurable terms. But no manufacturing company, particularly in such a fluctuating industry as automobiles, can dare secure any substantial fraction of its capital by sale of bonds; and the risks involved in debt financing would be vastly increased by the Plan.

6 The plan will in fact affect indirectly many other uses of cash and various sources of cash, for the mere existence of the Plan will alter the operations of the Company in various ways. But these secondary effects can not effectively be estimated, whereas the direct effects are clearly expressible in numbers.

7 One may contend that, as some (in some years over 50%) of the bonus payments are in G.M. stock and only the rest in cash, my treatment of the entire bonus provision as a cash outlay is in error. It is no error: the stock portion of the bonus is provided by stock which G. M. acquires in the open market and holds for bonus purposes in its treasury—for such stock, G. M. must pay cash.

New Stock Sale as Alternative

One other alternative is the sale of new stock, and GM did successfully issue new stock in February, 1955; and it thereby raised about $325 million in an operation which increased its number of outstanding shares by 5%. And it from time to time issues new stock in small amounts to the trustees under its Savings-Stock Purchase Program for Salaried Employees; but these issues provide only a drop-in-the-bucket of funds needed, and this meager source would tend to dry up under the Plan. The alternative of a large new issue of stock, like that of 1955, will not look promising after the Plan is in effect: with conditions described in Section IV, prospective investors would have little enthusiasm for buying stock in the company.

The cold fact is that, under the Plan, the company ought not to secure funds by sale of bonds, and would have difficulty selling new stock. The only other significant source of long-term funds is retained earnings, and I have shown above that the Plan will greatly reduce the funds thus retained. And this reduction is not merely for the first year, but goes on as long as the Plan is in effect.

The plain conclusion is that the Plan will prevent the securing of adequate capital by GM to meet a future which demands continued growth and improvement in plant and equipment. Failure by GM to meet these demands will prevent installing new and improved facilities which would otherwise provide jobs and high wages for UAW members. The cutback in GM capital outlays will also reduce employment of construction workers, and of workers in the industries providing machines and other equipment for GM. We often hear about "Killing the goose which lays the golden eggs" without the method of execution being specified; Mr. Reuther has devised a method for starving the bird to death.

VII
Fifth Victim—Efficiency of the GM Business

Section V has already indicated that the Plan, through forcing reduction in bonus, impairs the incentives of company executives to strive for enlarged volumes and reduced costs of business. I now consider the effect of the Plan on incentives for efficient conduct of the business from a broader angle. Mr. Reuther labels profits (before taxes) above 10% of capital as "excess" earnings, and the Plan calls for sharing this "excess" with the UAW and customers. This means the Plan in effect levies an excess-profits tax on the earnings of the company; though this "tax" is levied mainly for the benefit of the UAW and GM customers, rather than by and for the Government. For the Plan takes away from the company, for every dollar of earnings (before taxes) above a stated level, 25 cents for the UAW and 25 cents for GM customers; and 52% of the remainder is taken by the Government. This leaves only 24 cents, out of every such dollar of additional earnings, for the company. This scheme is, of course, not identical, in manner of levy or in destination of the "tax" or in the various figures for earnings exempt from tax and the rate of tax applied to excess earnings, with the excess-profits tax levied by the Government in war time. But its economic effects on the taxed industry are exactly similar; and those effects, widely discussed and generally understood, were a major reason for the Government's abandonment of this tax soon after the close of the war. These adverse economic effects arise largely through the destruction by the tax of incentives to earn additional profits above the stated minimum. With only 24 cents of each dollar of such earnings remaining for the company, the incentives to hold costs down and seek larger volumes in current operations, and to make those capital outlays which will expand business or cut costs, are seriously impaired. The adverse consequences in holding employment down and keeping costs and prices up are readily apparent. And these will be the consequences if the Plan is applied to General Motors.

I make some additional remarks, concerning the level—10% of net capital—of earnings before taxes which the Plan does not regard "excess." The Government also takes about 52% of this nonexcess amount of profits, and hence the Plan really means that the company may earn 4.8% on its net capital—which I assume to mean the equity of stockholders—without penalty. In numerous important states the regulatory commissions now permit electric utilities to set rates for customers which will enable the utility companies to earn at least 6½% on their invested capital, after taxes. And, as the invested capital of a utility generally includes a large amount of debt capital on which the interest rate is much below 6½%, this means that the earnings on the stockholder equity can easily run to 10 or 12%. Moreover, the business of an electric utility is much more stable and less affected by risk than is manufacturing; and this means that a still higher rate of return on equity should be allowed for a manufacturer such as G.M. Hence, if we are going to talk about some level of GM earnings as "excessive," we should have in mind a far higher level than that suggested by the Plan.

VIII
Sixth Victim—Cyclical Stability Of GM Business

At best, the automobile industry does not have high cyclical stability; year-to-year fluctuations are frequent and at times sharp. But under the Plan, lack of stability would be exaggerated. Suppose that, in a year of reduced sales of automobiles, and presumably reduced earnings of the companies, a prospective customer considers whether to buy now or wait until next year. If he buys now, he knows his rebate out of company earnings will be low; but, if he expects the business to pick up next year, he can probably get a bigger rebate by putting off his purchase until then. Not all customers will act on this basis, but a substantial number probably will. The effect is to reduce sales of automobiles in the poor year, and put them off until the better year, thereby intensifying the fluctuations of the industry. The same happens in reverse if we consider a prospective customer in a boom year: he will buy in that year in order to get the big rebate, instead of waiting until next year when auto sales may be lower and his rebate smaller. At all times the tendency will be for many customers to time their purchases so as to intensify booms and slumps.

IX
Seventh Victim—Competitive Balance of the Industry

The Plan will distort the balance among the shares of the various motor manufacturers, in the total sales of the industry—assuming the Plan is applied to all these manufacturers. In the course of any one year, various agencies will strive to estimate and publish, not only the earnings of the several companies, but also the percentage rebate which will probably come to the customers of each company. Prospective purchasers of cars will have this information, and many of them will take it into account in deciding what car to buy. Suppose that for a given year, mid-year estimates of the year's percentage rebates show 3.8 for GM and 1.8 for Ford. A purchaser of a GM car during the remainder of the year may expect a greater "price cut" in the form of a rebate than he would realize by buying a Ford. Not all customers will be controlled by this consideration, but many will take it into account. The result will be shifting of sales from Ford to GM, and probably an even greater disparity in the percentage rebate than that predicted at mid-year. And quite possibly some effects of this difference in rebate percentage would continue over a period of years, with a cumulative shifting of business from one car maker to another.

X
Eighth Victim—UAW Members

The Plan will initially look very attractive to the auto workers; they will expect to get a large percentage added to their current wages as a profit-sharing bonus, and they may actually derive important benefits of this sort in the beginning. But discontent will arise among them because the wage bonus will vary markedly from year to year for employees of any one company, and will vary over a wide range among the companies.

But the real penalties an auto worker will suffer under the Plan flow from its economic effects. We have observed above that the Plan will: damage the incentives of executives to seek larger sales and develop the business; greatly reduce the feasibility of raising long-term capital in the industry, by operating like an excess-profits tax; impair incentives of executives and stockholders to improve and expand business;

Details of the Analysis for 1956

(Money figures in million $. Items marked * are copied from G. M. Annual Report. Other items are explained by formulas in the table, or by numbered footnotes)

I. Basic figures assumed to be unchanged by plan:		
a. Total stockholder equity, beginning of year		*4,255
b. 5% of net capital, as defined for bonus computation		*227
c. Preferred dividends		*13
d. Interest and amortization of discount on debentures		*10
e. Payrolls, hourly-rate employees in U. S. plants		*1,866
f. Net sales		*10,796
g. Defense sales		*552
II. Separate figures, for accounts as actually published, and under Plan:	**A. Actual**	**B. Plan**
h. Earnings before tax and before bonus[1]	1,827	1,827
i. Earnings not regarded "excess," 10% of "a"		426
j. Earnings regarded "excess" by Plan, "h-i"		1,401
k. Share for U.A.W., 25% of "j"		350
l. Share for customers, 25% of "j"		350
m. Remainder after sharing, "j-k-l"		701
n. Available for bonus, taxes, and equity[2]	1,827	1,127
o. U. S. and foreign income taxes	*894	557[3]
p. Earnings after tax, but before bonus, "n-o"	933	570
d. Debenture interest, etc.	*10	*10
q. Total net earnings for bonus computation, "p+d"	943	580
r. Excluded portion, same as "b"	*227	*227
s. Portion on which bonus is computed, "q-r"	716	353
t. Maximum bonus provision, 12% of "s"	86[4]	42
u. Earnings after bonus, but before tax, "n-t"	1,741	1,085
v. Net profit for the year, "u-o"	*847	528
w. Profit available for common equity, "v-c"	834	515
x. Common dividends	*553	304[5]
y. Retained earnings, "w-x"	281	211
z1. U.A.W. share as % of payrolls, "k/e"		18.8
z2. Customer rebate as % of net sales, "l/f"		3.2
z3. Rebate on defense rates, "g times z2"		18

1 For A: sum of o, t, and v, all of which appear in Report. For B: figure taken over from A, as implied by Plan.

2 In A, with no "profit sharing", this line is same as h. In B, is i+m.

3 In A, the effective tax rate is 51.3%: ratio of item o to item u. This same ratio is applied to u of B, to get o of B.

4 In A, although the G. M. Committee is some years sets actual provision for bonus reserve below the maximum permissible, it apparently did not do so in 1956. In B, as for all years of my analysis of the Plan, I take the bonus provision at the indicated maximum.

5 In B, I estimate that 59%—the fraction actually paid out as dividends for the whole period 1947-57—of the available earnings in w is paid out as dividends.

intensify cyclical fluctuations in the industry; and shift business from one motor manufacturer to another. All of these effects have adverse implications for the auto worker, particularly in the long-run. Jobs in the industry will not expand as they otherwise would; such jobs as exist will be increasingly insecure, because of greater cyclical variations and because of shifts in business from one company to another; the per man-hour output will rise (if at all) at a much slower rate, because of the slowing up in capital outlays, and thus remove the excuse for frequent increases in regular wages; and, because of the declining economic health of the industry, even the "excess earnings" out of which the wage bonus is paid will decline and may soon disappear entirely. Finally, the auto worker, like other citizens, may have to bear new or increased taxes to help make up the deficit in Federal revenues caused by the Plan.

XI

Ninth Victim—The General Public

The heavy reduction in Federal revenues, which the Plan would cause, is a burden on the general public: this reduction must, unless we are to finance the UAW hand-out by a Federal deficit, be met by new or increased taxes which can come only from citizens and their enterprises. The Plan's intensification of the cyclical fluctuations in the automobile industry is also a burden on the public, particularly as any changes in the activity in motor manufacturing spread their effects very widely through the economy. The Plan's distortion of the competitive balance within the industry is also a source of possible damage to the public, because that distortion may go so far as to increase dangerously concentration in the industry. The Plan's impairment of incentives for the efficient operation and expansion of business by the motor companies penalizes the public through the resultant reduction in activity and employment and through the attendant failure to cut costs and keep prices down. But the greatest public burden arises from the Plan's severe restriction on the growth of the motor industry, because the Plan cuts back the availability of long-term capital; and this condition also is exaggerated by the close dependence of various parts of the economy upon the health of the automobile industry. Various contemptuous remarks have been made about a famous statement of Mr. Charles E. Wilson, but we can make a somewhat different statement with high confidence that it is correct in the present context: what's bad for GM, or for the automobile industry, is bad for the country.

Explains Techniques Used

Appended is an illustrative set of computations, for the year 1956, to indicate the method of estimating the consequences of the Plan.

Lomasney Director

David A. Lomasney, President of the investment firm of D. A. Lomasney & Co., has been elected to the Board of Directors of Traid Corporation. Traid produces airborne photo instrumentation, including aircraft motion picture cameras and accessory items. The corporation's plant is in Encino, Calif.

Forms Stewart Secs.

(Special to The Financial Chronicle)

FREEPORT, N. Y.—Stewart J. Lee is engaging in a securities business from offices at 30 North Long Beach Avenue under the firm name of Stewart Securities Co. Mr. Lee was formerly a partner in Stewart J. Lee & Co.

Continued from first page

As We See It

nearly half the total exchange resources of the world are held by the United States and Germany. Neither the United States nor Germany is behaving like a creditor nation. On the other hand, the United Kingdom's reserves are half those of Germany and less than 4% of the total, despite the fact that sterling finances 40% of world trade. The need for increasing the United Kingdom's reserves runs directly counter to the need for extending credit for the export of capital, the essential means of industrialization in undeveloped countries."

Our Epitaph?

Continuing, this influential Fair Dealer warns us that "in these dry and obscure economic facts could lie the epitaph of the free world. Peoples everywhere demand an expanding life. Khrushchev promises the faithful and the uncommitted that communist economics will produce this result. Only the blind man can doubt that it is turning out an impressive performance." And, of course, like Fair Dealers generally, Mr. Acheson has a program to get us out of this fix. First, there must be "a substantial increase in the export of capital, both governmental and private, from North America and Western Europe." There must also be "a substantial increase in imports into dollar areas, chiefly the United States." Then there must be "an overhauling of our international financial institutions, principally the International Monetary Fund, to make possible the expansion of world exchange reserves and the provision of more credit where it can be most effective."

There are, of course, a number of points at which one would like to ask Mr. Acheson for a more detailed explanation of his suggestions. Upon receipt of such explanations it might be possible to agree with him about a detail here and there, but the major tenor of his thought is clear enough. The Secretary of State for the Fair Deal believes that the economic system of the free world is so infirm that the free world can save itself only by converting its free enterprise system into something else. His lack of faith in the economic system by the means of which we have come to be the envy of the world is absolute. The type of "vigorous and imaginative action" he demands would obviously rob the system of its very essence. The estimable gentleman may not be fully aware that he is saying that unless we abandon our prized economic system, we are doomed to be overwhelmed by the communist economic system, but there can be not the slightest doubt that this is plainly implied in what he has to say.

One would have difficulty in drawing any sort of blue print from the vague remarks of the former Secretary. Much of his discussion seems to reveal naive notions of economic systems and of what makes them tick. His citation of certain broad statistical facts appears to be for the purpose of the laying of a basis for conclusions which obviously do not follow. But if he is not advocating the interjection of government into the economic affairs of the nation for the purpose of inducing, not to say forcing, what he calls the export of capital, his words have no meaning at all. If he does not contemplate steps by government to stimulate, if not to force further enlargement of productive power here at home, then it is difficult to place any meaningful interpretation upon his sentences. If he is not urging a further development of the wholly unsound notions embodied in the International Monetary Fund—at the expense and under the direction and control of government—then his reference to that institution is certainly most misleading.

They Must Expand Their Own

He tells us that "people everywhere demand an expanding life," and seems rather plainly to imply that what they demand they should be given, and that if we do not give it to them the Kremlin will. We are not quite certain what "an expanding life" is, but we are convinced that people who want it should be expected to get it for themselves—with such help, of course, as they can and will pay for. One would suppose from what Mr. Acheson has to say that he thinks that we should take food, drink, clothing and what else we are not sure, and lay them at the feet of millions who will not take the trouble to provide for themselves—and that this we must do in order to keep ourselves and our economic system out of the hands of the Kremlin. Well, the economic systems of the world—the Kremlin included—simply do not function in any such way as that.

There is no country in the world, we feel quite safe in saying, which has given more to relieve distress and suffering of all sorts. In World Wars I and II we gave enormously of our abundance to the needy; needy who for the most part were suffering through no fault of their own. Since the end of World War II we have shipped goods in almost untold amounts for similar purposes. Not only has our government been unprecedentedly generous in such ways as this, but innumerable private undertakings with our blessing and our support have done monumental work in helping the needy and preventing suffering. We have sent not only consumption goods but vast quantities of producers goods to help people help themselves. For most of this we have not received or asked any remuneration of any sort. Of all this we may be justly proud.

But business is business. If foreign people want an expanding economic life, we should be glad to help them wherever and whenever it seems possible to do so with reasonable hope of a reasonable return. For our part, we like our free enterprise system and want to keep it.

Cut Prices to Stimulate Home Buying

Discouraging divergence between family income levels and selling price of new homes is analyzed by Life Insurance Institute. Recommends better pricing of homes to help restore high level of residential building and, thus, renew economic expansion on a sound basis.

The monthly bulletin, "Money Matters," published by the Institute of Life Insurance, New York City, notes that "the question of whether new housing has tended to price itself out of the mass market on which it is dependent for a high level of activity is raised in a recent study of the U. S. Department of Labor.

"Taking the period between 1950 and 1956, and comparing the trend of family income levels and prices of new single family nonfarm homes between those years, the study concludes that the pricing of new houses seemed better fitted to income in 1950 than it was in 1956. Data are not yet available to indicate whether this relationship has changed over the past year.

Importance of Problem

"Here is a problem that has apparently received only passing attention in current anti-recession thinking. That is the question of the extent that maladjustments have developed between prices and average family income, in other key areas of the economy as well as in housing, as the result of the inflationary trend in recent years.

"While concentration on the course of employment and general economic activity is natural under present circumstances, the fact is that living costs have been going up persistently and are now at record high levels. This is hardly a constructive development for the wage and salary earner or for those dependent on savings or other fixed incomes. Today there are 62 million persons holding down a job, representing 92 out of every 100 in the working population, and earning about $235 billion a year in wages and salaries, according to the latest figures.

Factor of Inflation

"In a mass market economy such as ours, it is the wage and salary earners' spending and saving decisions, and the purchasing power of their dollars, that have such a dominant influence on the course of business, as has always been the case. Despite the continued inflationary symptoms in living costs and prices and the upward pressure on production costs, it is significant to note the major discussion in and out of Government seems to be on how to prime the economic pump and create more purchasing power with little thought as to the consequences on the buying power of the dollar.

"The Department of Labor analysis of the housing market points out that a noticeable discrepancy seems to have developed between family income levels and the selling price of new homes since the turn of the present decade. In 1950, the figures show, close to a quarter of all American families had income of $5,000 a year or more. This matched the proportion of all new one-family non-farm homes that were built in that year in the upper new home selling price bracket then prevailing of $12,500 and over. Using the accepted rule of thumb that the purchase price of a home should not exceed an amount 2½ times the purchaser's annual income, the study says that there appeared to be no overbuilding in the higher-priced housing range in 1950.

"By 1956, however, this relationship had changed. The figures show that a total of 33% of all American families were then in the $6,000 and over annual income bracket, a big upgrading in the intervening years; but the proportion of higher-priced homes increased even more in the period, with a total of 44% of new single family nonfarm homes built in that year priced at $15,000 and over. Leaving out rising costs of home maintenance, the uptrend in property taxes, etc., these percentage changes alone suggest that more homes are being built in the upper price range than are consistent with the proportion of families with incomes to qualify them as potential buyers.

"Of course, demand for housing and the size of the market for new homes reflect the interplay of many forces, social as well as economic. Some, like the early post-World War II housing shortage, are more transient in nature than basic long-range factors like new household formation.

"New household formation is currently in a downtrend, and according to the U. S. Bureau of the Census is not expected to reach the highs of the 1947-51 period until the middle Sixties. However, ample mortgage funds are available for home owners from life insurance and other thrift institutions, and the desire for improved housing is a basic part of the American character. Better pricing of new homes in relation to family incomes would be a further contribution to maintaining a high level of residential building, and thereby supporting renewed economic expansion on a sound basis."

The following table compares the changing distribution of family incomes and the selling prices of new one-family nonfarm homes between 1950 and 1956:

Income Groups	% of Total	Home Prices	% of Total
1950			
Under $3,500	54	Under $9.500	40
$3,500-$4,999	23	$9,500-$12,499	37
$5,000 & over	23	$12,500 & over	23
1956			
Under $4 500	46	Under $12,000	28
$4,500-$5,999	21	$12,000-$14,999	28
$6,000 & over	33	$15,000 & over	44

SOURCES: U. S. Bureau of the Census; U. S. Dept. of Labor.

Continued from first page

Funds Intensify Their Defensive Investing Trend

quarter purchases of common stocks exceeded sales by only 22.2%, contrasted with 68% during the preceding period.

In the March quarter only 36 open-end funds bought stocks on balance versus 43 during the December quarter; while sellers rose to 25 from 14 in the respective periods. Thus, retrenchment was intensified (although, of course, by no means uniformly).

Some Conspicuous Buyers

Among the more conspicuous net **buyers** of common stocks were Axe-Houghton Fund B, Boston Fund, Investors Mutual, Massachusetts Life Fund, National Securities Income Series, Value Line Fund, Wellington, Dreyfus, Fidelity, Group Securities, Incorporated Investors, Investment Co. of America, both M. I. T. funds, Scudder Common Stock Fund, United Accumulative, and Tri-Continental.

The Value Line Fund increased the proportion of its equity-type holdings from 46.4% of net assets to 73.8%; and Dreyfus, from 74.8% to 93.8%.

Substantial Sellers

Substantial net **sellers** of equities included Axe-Houghton A, Eaton & Howard Balanced Fund, George Putnam, Scudder Fund (balanced), Bullock, Delaware, Dividend Shares, State Street, United Continental, United Science, General Public Service, General American Investors, and (as usual) U. S. & Foreign. The last two closed-ends abstained completely from purchases, with U. S. & F. increasing its cash position from 14% to 19% of net assets. This management has for some time stood out in cashing-in the substantial appreciation on its oil and other blue chip holdings, despite the capital gains tax incurred thereby.

Included in State Street's 4-to-1 liquidation were Kaiser Aluminum, Texas, Tidewater, Getty, and the big three motor issues.

The "New Look" at Growth

Bound up with the prevalent bearishness was continuation of the "new look" at the previously glamorized *growth* and *blue chip* areas of the market. Such stocks sold on balance during the quarter included Corning Glass, Owens-Corning Fiberglas, Dow, du Pont, Minnesota Mining, National Lead, General Electric and the aluminums. Moreover, some of the public's popular new nominees, such as Polaroid, were shunned by the funds. On the other hand, IBM remained a sturdy favorite in the rarefied market heights.

During the quarter there was a minimum of activity in the "atomic investments" area—excepting indirectly via activities included by utility and chemical companies.

Also marking a new departure in the Fund's investing attitudes was the direction of their buying midst the recession period into industries, as textiles and consumer finance, which are vulnerable to cyclical economic difficulties. Perhaps such fund support has been contributing to the recent market strength in these areas, which has been so surprising to the public.

Exemplifying such sound thinking is a cartoon-chart circulated by Vance Sanders & Co., who distribute Massachusetts Investors Trust, Massachusetts Investors Growth Stock Fund, Boston Fund, and Century Trust Shares, Bond Fund of Boston and Canadian General Fund, Ltd. This graph tellingly shows how the investor who remained on the sidelines in response to popular misgivings in the past, eternally "missed the boat."

Massive Accumulation

By far the greatest buying of a single issue in recent fund history was the mass accumulation of Royal Dutch Petroleum on the occasion of its large rights offering. Such purchases totaled nearly 560,000 shares by 28 managements (including nine newly), compared with only 114,500 shares of Standard Oil of New Jersey acquired on the occasion of that company's large rights offering during the previous quarter. M. I. T.'s 138,800 shares and Investors Mutual's 46,550 constituted interesting new commitments in Royal Dutch. Incorporated Investors added 41,250 shares, coupled with 3,750 taken up through rights.

Also in the international area, de Beers Consolidated was acquired to the tune of 38,600 shares by Value Line Income Fund, whose "sister" Value Line Special Situations Fund made an initial commitment of 21,600 American shares in newly prospering Ford Motor Ltd. of England. Also roaming in the foreign field was the United Funds Group with a purchase of 20,500 shares of Gunnar Mines and 26,200 shares of Preston East Dome, two Canadian uranium situations. Likewise, the Value Line group added 193,500 shares of Stanrock Uranium Mines Ltd., and the enterprising Pennroad managers took on 19,800 shares of Campbell Red Lake Mines, the prospering affiliate of Dome.

A most interesting inter-fund transaction was the acquisition of Tri-Continental warrants by the Dreyfus Fund in the amount of 16,700 units.

Caution Extolled

Exemplifying temporary caution midst long-term confidence is the following statement by T. Rowe Price, President of the stock fund bearing his name:

"The present recession is greater than anything experienced since the end of World War II, and leading economic indicators give no assurance that the decline has run its course. Excess capacity exists in practically every line of business, backlogs and new orders continue to shrink, and capital expenditures by leading corporations are continuing to decline from last year's peak. Unemployment reached its postwar high in March and consumer debt is still close to its all-time high. Retail sales, especially in durable goods, have also slipped during recent months.

"We have no way of telling how much further business will decline, when it will hit bottom, or how long it will stay there before starting to recover." Mr. Price continued, "We do know, however, that profit margins of many companies are being squeezed as a result of lower sales and continued high costs of operation. We have, therefore, continued our cautious investment policy during the first quarter by investing the proceeds from new subscriptions in short-term bonds, thereby increasing our buying reserves. On March 31, 1958 our cash and U. S. Government obligations, and other bonds and preferred stocks represented 26.6% of total portfolio value, the highest since the formation of our Fund, compared with 22.9% at year-end. . . ."

Similarly, Douglas T. Johnston, Chairman, and M. Jennings von der Heyde, President of the Johnston Mutual Fund Inc., say: "The decline in business activity continued during the first quarter of this year, and to date there are few signs of any change in this trend. Unemployment has increased and, although seasonal factors may result in small improvement in labor markets, there would appear to be little possibility of any near term reversal of the present trend. Similarly, corporate income reports for this period reflect the low level of industrial activity. In some instances there are indications that the downtrend is beginning to bottom out but these signs are fragmentary and at best indicate that business is approaching a point of stability. . . . Under these circumstances it has seemed advisable to continue the conservative investment policy which was first adopted in the summer of 1956. Common stocks as of March 31 represented only 56% of the Fund with the remaining 44% in cash, bonds and preferred stocks."

Also defensive in thought, policy, and action, continues the New England Fund. After telling of their previous shift to comparatively stable industries as public utility, drug, food, publishing, tobaccos and banks, the trustees Messrs. Kingman, Goodale and Armitage, conclude: "The situation cannot be corrected by government action alone without deficit financing by the Treasury and the attendant risk of reviving inflation. This may well be ahead of us over the long term."

Defensive Policies Pursued

The advantage of previous defensive policy is expounded by the Putnam Fund, which states that since late last summer its income has been materially increased through switching to bonds.

The proportion of net assets of the Investment Company of America represented by net cash assets, U. S. Government bills, and corporate notes maturing in less than one year was 18.8% at March 31, 1958 as compared with 12.1% at Dec. 31, 1957. Explains President Jonathan B. Lovelace: "These assets are held in liquid form for the purpose of taking advantage of buying opportunities in stocks which may develop dur-

Continued on page 37

Changes in Common Stock Holdings of 57 Investment Management Groups

(December, 1957—March, 1958)

Issues in which transactions by more than one management group occurred. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate numberof managements making entirely new purchases or completely eliminating the stock from their portfolios. *(Purchases shown exclude shares received through stock splits or stock dividends. Changes through mergers also disregarded.)*

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Agricultural Equipment		
3	6,000	Deere	14,000	2
None	*None*	*International Harvester*	*6,000*	*2(1)*
		Aircraft and Aircraft Equipment		
5(3)	16.200	Bendix Aviation	14,600	3(2)
2(2)	28,000	Boeing Airplane	5,680	1
5(4)	33,500	Douglas Aircraft	107,900	4(1)
3(2)	14,500	General Dynamics	17,700	3(1)
2(1)	11,000	Lockheed Aircraft	760	1
6	29,700	United Aircraft	16,100	3
None	*None*	*Bell Aircraft*	*8,000*	*2(2)*
1	*5,900*	*Curtiss-Wright*	*49,500*	*3(1)*
None	*None*	*Martin*	*43,680*	*3(1)*
2(1)	*30,800*	*North American Aviation*	*81,200*	*5*
		Airlines		
3(1)	24,500	American Airlines	16,000	2
1	6,500	Delta Airlines	1,500	1(1)
3(2)	65,300	Eastern Air Lines	5,406	1(1)
2(1)	16,200	Pan American World Airways	1,100	1(1)
3	12,811	United Air Lines	7,784	2
		Automotive		
3(1)	46,000	Ford	30,000	2(1)
7(4)	130,100	General Motors	28,500	5
2(1)	11,000	Mack Trucks	None	None
2(2)	*22,100*	*Chrysler*	*21,200*	*3(2)*
		Automotive Equipment		
1	2,000	Briggs & Stratton	300	1(1)
2	5,100	Dana	None	None
2	9,000	Eaton Manufacturing	None	None
2	7,450	Stewart-Warner	None	None
4(2)	15,600	Thompson Products	6,800	4(3)
3(1)	11,500	Timken Roller Bearing	4,700	1(1)
None	*None*	*American Bosch Arma*	*3,000*	*2*
1(1)	*500*	*Electric Storage Battery*	*1,200*	*2*
		Banks		
3	21,000	Bankers Trust	None	None
3(1)	18,500	Chase Manhattan	20,000	3(1)
7(1)	30,500	Chemical Corn Exchange	18,000	1(1)
7(1)	54,000	First Nat'l City Bank of N. Y.	7,500	2(1)
3(2)	10,000	Guaranty Trust (N. Y.)	10,360	2(1)
2(2)	11,000	Hanover Bank	None	None
2(1)	27,000	Irving Trust	16,641	1
1	4,500	Manufacturers Trust	32,966	1
1	12,000	Marine Midland	2,600	1
1	6,600	Mellon National Bank & Trust	1,100	1(1)
2	9,640	National Bank of Detroit	None	None
2	8,300	New York Trust	None	None
2	1,500	Northwest Bancorporation	None	None
2	24,500	Security-First Nat'l Bk. of L. A.	None	None
		Beverages		
2(1)	4,500	Canada Dry	12,900	1(1)
2(1)	2,500	Coca-Cola	None	None
1	7,000	Pepsi-Cola	18,700	1(1)
		Building, Construction and Equipment		
2(1)	10,200	American Cement	None	None
1	500	Bestwall Gypsum	2,000	1
1	100	Celotex	300	1(1)
2(1)	6,100	Ideal Cement	6,000	1
2(1)	7,000	Lehigh Portland Cement	16,500	1(1)
2(1)	9,800	Marquette Cement	None	None
4(1)	13,300	Minneapolis-Honeywell	8,900	2
3(2)	12,000	National Gypsum	7,808	3(2)
1	5,000	Otis Elevator	4,300	1(1)
1(1)	2,700	Penn-Dixie Cement	12,500	1(1)
2	4,200	Trane	2,200	2
2(1)	34,800	U. S. Pipe & Foundry	1,500	1
1	6,000	U. S. Plywood	14,500	1(1)
3	10,700	Weyerhaeuser Timber	None	None
1(1)	*4,800*	*Carrier Corporation*	*4,800*	*2(1)*
2	*618*	*Flintkote*	*8,825*	*3(2)*
1	*1,300*	*General Portland Cement*	*3,000*	*3(1)*
1(1)	*2,000*	*Johns-Manville*	*110,000*	*2(1)*
None	*None*	*Lone Star Cement*	*26,100*	*5(2)*
5(1)	*25,600*	*National Lead*	*64,972*	*9(2)*
4(1)	*7,000*	*U. S. Gypsum*	*17,200*	*5(1)*
		Chemicals & Fertilizer		
4	22,572	Allied Chemical (& Dye)	503	1
3	1,650	American Agricultural Chemical	None	None
4(1)	7,090	Diamond Alkali	20,121	2(2)
3(1)	15,100	Eastman Kodak	1,500	2(1)
1	1,300	Food Machinery & Chemical	1,000	1
3(2)	16,000	Internat'l Minerals & Chemical	None	None

Continued on page 37

Chicago Analysts to Hear

CHICAGO, Ill. — John W. McGovern, President of the United States Rubber Company, will be speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held May 8 in the Adams Room of the Midland Hotel.

Balance Between Cash and Investments of 78 Investment Companies End of Quarterly Periods December, 1957 and March, 1958

Security Transactions by the 78 Investment Companies During Jan.-March, 1958

(In Thousands of Dollars)

	Net Cash & Governments† Thousands of Dollars —End of—		Net Cash & Governments† Per Cent of Net Assets —End of—		Investment Bonds and Preferred Stocks* Per Cent of Net Assets —End of—		Com. Stks. and Lower Grade Bonds & Pfds. Per Cent of Net Assets —End of—		Portfolio Securities Other than Governments		Of this: Portfolio Common Stocks	
	Dec.	Mar.	Dec.	Mar.	Dec.	Mar.	Dec.	Mar.	Total Purchases††	Total Sales**	Total Purchases††	Total Sales**
Open-End Balanced Funds:												
American Business Shares	3,682	3,653	14.1	13.5	36.6	35.9	49.3	50.6	None	599	None	362
Axe-Houghton Fund A	1,553	4,511	3.8	10.7	39.8	38.7	56.4	50.6	1,521	4,624	1,515	4,389
Axe-Houghton Fund B	3,686	2,145	5.2	2.7	27.4	28.0	67.4	69.3	6,580	1,141	4,027	875
Axe-Houghton Stock Fund	----	520	----	7.9	§26.9	28.9	§69.4	63.2	140	979	140	979
Axe Science & Electronics	306	1,316	3.7	15.8	26.8	24.0	69.5	60.2	420	1,584	420	1,584
Boston Fund	6,902	4,691	4.9	3.2	¶38.6	¶39.3	‡56.5	‡57.5	1,577	341	1,076	255
Broad Street Investing	1,323	1,703	1.4	1.7	21.1	20.5	77.5	77.8	3,389	1,666	2,185	1,453
Commonwealth Investment	8,473	9,787	7.6	8.3	24.2	24.0	68.2	67.7	4,877	4,995	2,876	3,353
Diversified Investment Fund	1,323	1,212	2.3	2.0	30.5	29.3	67.2	68.7	3,663	3,245	2,942	3,218
Dodge & Cox Fund	371	377	7.4	7.1	30.4	28.1	62.2	64.8	149	133	‡‡90	‡‡43
Eaton & Howard Balanced Fund	17,891	20,807	11.1	12.2	25.4	25.6	63.5	62.2	7,598	6,296	1,067	4,529
General Investors Trust	549	299	16.9	8.2	17.0	23.5	66.1	68.3	570	169	303	167
Group Securities—												
Fully Administered Fund	1,175	756	15.0	8.8	17.9	19.8	67.1	71.4	710	214	410	214
Institutional Foundation Fund	250	N.A.	2.3	N.A.	N.A.	N.A.	N.A.	N.A.	1,426	834	1,305	694
Investors Mutual	8,531	9,116	0.9	0.9	35.2	34.2	63.9	64.9	53,216	32,865	30,241	18,068
Johnston Mutual Fund	514	448	9.0	7.6	33.6	32.0	57.4	60.4	461	427	253	252
Knickerbocker Fund	426	377	3.7	3.0	15.8	14.2	80.5	82.8	413	419	413	419
Loomis-Sayles Mutual Fund	9,723	10,985	17.4	18.5	33.0	32.7	49.6	48.8	2,202	1,834	1,207	1,434
Massachusetts Life Fund	2,862	2,673	8.4	7.2	31.5	31.4	60.1	61.4	2,039	348	1,107	205
Mutual Investment Fund	821	866	5.4	5.0	23.2	28.4	71.4	66.6	1,573	586	‡‡204	‡‡529
National Securities—Income	1,194	1,803	2.5	3.4	8.6	7.8	88.9	88.8	2,235	1,199	2,148	1,175
Nation-Wide Securities	1,915	2,017	7.5	7.3	37.4	34.3	55.1	58.4	1,105	710	589	260
New England Fund	1,675	1,476	12.6	10.6	31.8	30.9	55.6	58.5	1,801	1,852	1,146	1,061
George Putnam Fund	9,310	6,747	7.0	4.7	24.9	27.6	68.1	67.7	11,507	6,071	5,216	6,071
Scudder, Stevens & Clark Fund	1,396	1,666	2.2	2.5	38.7	38.7	59.1	58.8	5,302	4,687	1,996	2,740
Shareholders' Trust of Boston	690	401	4.0	2.1	36.1	35.4	59.9	62.5	884	568	386	11
Stein Roe & Farnham Fund	901	1,731	4.1	7.3	40.2	36.3	55.7	56.4	1,427	1,321	909	665
Value Line Fund	2,532	930	33.1	11.2	20.5	15.0	46.4	73.8	2,081	774	1,723	25
Value Line Income Fund	357	1,167	0.6	1.7	0.5	6.1	98.9	92.2	9,924	6,143	5,270	5,554
Wellington Fund	45,607	56,098	7.5	8.6	28.7	27.6	63.8	63.8	43,831	29,188	33,470	24,669
Whitehall Fund	140	147	1.7	1.7	47.7	44.4	50.6	53.9	269	215	269	215
Sub-Total Open-End Bal. Funds	136,078	150,425	7.2	6.8	28.3	28.1	64.2	65.1	172,890	116,027	104,902	85,468
Open-End Stock Funds:												
Affiliated Fund	47,553	51,910	13.7	13.5	0.5	0.5	85.8	86.0	15,423	15,887	15,423	15,887
Blue Ridge Mutual Fund	2,664	2,554	11.2	10.1	1.0	1.0	87.8	88.9	2,830	2,674	1,239	1,374
Bullock Fund	4,694	6,654	15.3	19.8	None	None	84.7	80.2	1,061	1,830	1,061	1,830
Delaware Fund	814	2,845	1.8	5.6	5.4	5.6	92.8	88.8	5,751	6,594	5,104	6,175
de Vegh Mutual Fund	2,500	2,612	19.0	18.5	2.3	0.6	78.7	80.9	2,666	2,542	2,666	2,197
Dividend Shares	31,006	35,586	15.5	16.7	None	None	84.5	83.3	3,144	5,598	3,144	5,598
Dreyfus Fund	3,841	1,133	25.2	6.15	None	None	74.8	93.85	6,584	2,137	2,302	478
Eaton & Howard Stock Fund	11,501	15,134	14.2	17.0	None	None	85.8	83.0	7,053	3,013	2,649	2,513
Energy Fund	41	66	1.1	1.7	None	None	98.9	98.3	960	758	960	758
Fidelity Fund	13,989	10,254	6.1	4.1	7.7	7.7	86.2	88.2	14,437	6,350	13,222	5,956
Fundamental Investors	8,245	11,933	2.4	3.3	None	None	97.6	96.7	12,181	9,992	12,181	9,992
General Capital Corp.	114	105	0.9	0.8	None	None	99.1	99.2	152	None	152	None
Group Securities — Com. Stock Fund	2,375	1,251	8.7	3.7	None	None	91.3	96.3	5,985	1,653	5,985	1,653
Incorporated Investors	14,318	12,376	6.8	5.7	1.3	1.3	91.9	93.0	10,374	7,371	10,374	7,371
Institutional Investors Mutual Fund§§	2,016	2,539	6.7	7.3	None	None	93.3	92.7	N.A.	N.A.	N.A.	N.A.
Investment Co. of America	10,698	18,101	12.1	18.8	0.04	0.1	87.9	81.1	4,103	9,442	3,276	None
Massachusetts Investors Trust	9,917	22,685	1.0	2.3	None	None	99.0	97.7	a25,598	a11,640	25,598	11,640
Massachusetts Investors Growth Stock	2,874	5,677	2.2	3.9	None	None	97.8	96.1	a8,067	a3,139	8,067	3,139
National Investors	634	991	1.0	1.5	None	None	99.0	98.5	2,047	2,170	2,047	2,170
National Securities—Stock	3,235	6,551	3.0	5.6	None	None	97.0	94.4	13,469	11,992	13,469	11,992
Pine Street Fund	658	732	5.4	5.5	7.9	9.8	86.7	84.7	795	1,034	269	630
T. Rowe Price Growth Stock	1,756	2,419	18.6	22.6	3.4	3.0	78.0	74.4	311	384	311	384
Scudder, Stevens & Clark—												
Common Stock Fund	615	300	4.1	1.8	None	None	95.9	98.2	1,910	583	1,910	588
Selected American Shares	1,358	2,204	2.3	3.4	0.2	0.2	97.5	96.4	a6,137	a6,353	6,037	6,240
Sovereign Investors	30	12	1.6	0.6	3.7	3.9	94.7	95.5	73	18	67	18
State Street Investment	10,049	16,777	7.2	11.2	0.1	None	92.7	88.8	2,542	9,327	2,542	‡‡9,239
Texas Fund	1,554	1,632	5.6	5.6	0.5	0.5	93.9	93.9	808	678	747	678
United Accumulative Fund	10,707	15,915	7.7	10.1	14.8	12.2	77.5	77.7	8,963	6,733	8,147	1,733
United Continental Fund	2,039	4,088	8.4	15.1	3.2	5.3	88.4	79.6	3,553	4,165	3,202	4,138
United Income Fund	4,844	7,051	3.5	4.6	1.9	2.8	94.6	92.6	9,214	7,208	7,889	7,208
United Science Fund	4,138	8,447	10.2	18.3	0.8	0.7	89.0	81.0	1,358	1,843	1,358	1,843
Value Line Special Situations	72	140	1.1	2.0	None	None	98.9	98.0	241	475	241	475
Wall Street Investing	1,181	1,169	18.0	16.7	None	0.3	82.0	83.0	37	3	37	3
Wisconsin Fund	1,347	1,461	12.5	12.6	9.3	9.3	78.2	78.1	663	734	620	734
Sub-Total Open-End Stock Funds	213,377	273,304	8.1	8.7	1.9	1.9	89.9	89.4	178,400	144,325	162,296	124,634
Total Open-End Funds	349,455	423,729	7.7	7.8	14.3	14.2	76.4	78.0	351,290	260,352	267,198	210,102
Closed-End Companies:												
Adams Express	2,834	2,896	3.8	3.6	0.7	0.7	95.5	95.7	567	553	567	553
American European Securities	1,451	1,133	9.9	6.6	16.6	¶27.8	73.5	‡65.6	3,744	1,389	496	449
American International	551	626	1.8	1.9	1.2	1.2	97.0	96.9	338	371	338	371
Carriers & General	1,339	1,676	9.0	10.5	9.9	7.7	81.1	81.8	429	729	429	430
General American Investors	2,968	3,578	5.3	6.3	1.8	1.8	92.9	91.9	None	584	None	‡‡489
General Public Service	1,163	2,643	4.8	10.3	0.2	0.2	95.0	89.5	314	1,630	314	1,630
Lehman Corp.	7,189	14,005	3.7	6.7	0.03	0.2	96.2	93.1	3,917	3,624	‡‡3,525	3,624
National Shares	1,309	1,202	6.3	5.6	7.1	8.4	86.6	86.0	2,224	2,092	1,545	1,731
Niagara Share	2,706	2,026	6.5	4.7	3.3	3.2	90.2	92.1	520	862	520	862
Overseas Securities	----	----	----	----	§15.6	§10.1	§83.5	§86.0	308	364	308	‡‡219
Pennroad Corp.	7,090	6,020	8.2	6.7	4.7	2.3	87.1	91.0	7,748	8,764	7,011	6,221
Tri-Continental	8,432	4,977	2.8	1.6	17.8	17.5	79.4	80.9	10,583	5,497	7,740	4,435
U. S. & Foreign Securities	14,643	20,087	14.1	19.4	None	None	85.9	80.6	None	6,226	None	6,226
Total Closed-End Companies	51,675	60,869	6.3	7.0	6.1	6.2	88.1	87.0	30,692	32,685	22,793	27,240
Grand Total	401,130	484,598	7.5	7.7	13.1	12.8	79.4	79.5	381,982	293,037	289,991	237,342

†Including corporate short-term notes where so included by reporting investment company. *Investment bonds and preferred stocks: Moody's Aaa through B for bonds; Fitch's AAA through BB for preferreds (or approximate equivalents). ¶Bonds and preferreds irrespective of quality classification. ‡Common stocks only. §In percent of gross assets. ††Cost of purchases. **Proceeds from sales. ‡‡Estimated. §§Owned by 77 savings banks in New York State. a Exclusive of corporate short-term notes.

SUMMARY

Changes in Cash Position of 76 Investment Companies March 31, 1958 vs. December 31, 1957

	Plus	Minus	Approx. Unchanged	Total
Open-End Companies				
Balanced Funds	12	15	3	30
Stock Funds	20	9	5	34
Closed-End Companies	5	5	2	12
Totals	37	29	10	76

Average Allocation by 77 Companies of Assets to Cash and Equivalent, Defensive Securities, and Risk Securities

	Dec. 31, 1957	Mar. 31, 1958
Net cash, etc., and Governments†	7.5%	7.7%
Defensive securities (investment bonds and preferreds)	13.1	12.8
Risk securities (common stocks plus lower grade bonds and preferreds)	79.4	79.5
	100.0%	100.0%

Continued from page 35

Bought — No. of Trusts	Bought — No. of Shares		Sold — No. of Shares	Sold — No. of Trusts
3	29,598	Monsanto Chemical	4,462	2
3	5,900	Pennsalt Chemicals	None	None
1	250	Rohm & Haas	200	1
3(2)	31,300	Spencer Chemical	None	None
2(1)	13,500	Vick Chemical	None	None
3	*5,100*	*Air Reduction*	*14,500*	*4(3)*
4	*16,600*	*American Cyanamid*	*28,300*	*6(1)*
1	*2,000*	*American Potash & Chemical*	*4,900*	*3(1)*
1(1)	*1,500*	*Dow Chemical*	*16,816*	*3(1)*
4(1)	*1,400*	*Du Pont*	*8,100*	*5(2)*
4(1)	*60,500*	*Hercules Powder*	*10,800*	*5(2)*
2	*12,500*	*Hooker Electrochemical*	*19,200*	*3(2)*
2	*200*	*Union Carbide*	*44,600*	*8(3)*
		Coal & Coke		
None	*None*	*Pittston*	*7,285*	*2(1)*
		Containers & Glass		
3(2)	7,100	Continental Can	17,500	2
2	11,700	Libbey-Owens-Ford Glass	None	None
5(4)	48,300	Owens-Illinois Glass	None	None
1	100	Pittsburgh Plate Glass	500	1
1	*5,000*	*American Can*	*53,000*	*6(1)*
2	*1,300*	*Corning Glass Works*	*16,300*	*4*
1	*300*	*Owens-Corning Fiberglas*	*26,400*	*2(1)*
		Drug Products		
11(3)	153,200	Merck	154,100	7(1)
2(1)	5,400	Norwich Pharmacal	5,200	1
5(3)	23,600	Parke, Davis	3,000	2(1)
1	500	Sterling Drug	15,000	1(1)
4	10,800	Warner-Lambert	12,760	4
1	*9,700*	*Bristol-Myers*	*8,800*	*2(1)*
2(1)	*22,200*	*Lilly (Eli) "B"*	*13,300*	*3*
1	*2,500*	*Mead Johnson*	*6,000*	*2*
2	*10,200*	*Pfizer (Chas.)*	*57,700*	*4(1)*
2(2)	*31,300*	*Schering*	*19,700*	*4(1)*
1(1)	*15,800*	*Smith, Kline & French*	*8,200*	*2*
		Electrical Equipment & Electronics		
1	3,800	Consolidated Electrodynamics	1,000	1
2(1)	3,500	Cutler-Hammer	None	None
2	5,000	Daystrom	None	None
3	33,100	International Tel. & Tel.	None	None
2(1)	7,500	Litton Industries	900	1
1	23,000	McGraw-Edison	1,400	1(1)
2	22,980	Philco	None	None
2(1)	7,400	Philips' Lamp Works— (50-guilder shs. or equivalent)	None	None
5	49,500	Radio Corporation	20,200	3
2	2,875	Raytheon Manufacturing	None	None
2(1)	7,700	Sperry Rand	20,000	1
2(1)	16,700	Sunbeam	4,700	2(1)
1	2,300	Universal Products	7,600	1
2	*8,300*	*Beckman Instruments*	*95,200*	*7(5)*
1	*800*	*General Electric*	*25,100*	*7(1)*
None	*None*	*High Voltage Engineering*	*1,766*	*2(1)*
2(1)	*4,000*	*Westinghouse Electric*	*41,900*	*5(4)*
		Finance Companies		
2	3,600	Associates Investments	5,600	1
4(2)	8,300	Beneficial Finance	10,800	1
5(1)	28,700	C.I.T. Financial	None	None
8(2)	88,700	Commercial Credit	1,500	1
4(1)	25,500	Household Finance	None	None
3(1)	5,400	Pacific Finance	None	None
None	*None*	*Seaboard Finance*	*7,900*	*2(1)*
		Food Products		
3(1)	41,600	Continental Banking	None	None
5(3)	37,600	Corn Products Refining	8,500	1
4(1)	13,300	General Foods	14,600	1(1)
1	10,800	Great Western Sugar	6,900	1(1)
2	4,500	Pillsbury Mills	4,800	1(1)
1	500	Sunshine Biscuits	4,000	1
2(1)	12,200	United Biscuit	None	None

Continued on page 38

Continued from page 34

Funds Intensify Their Defensive Investing Trend

ing the remaining period of business readjustment."

Similarly the trustees of the Shareholders' Trust of Boston say: "Your portfolio is now well protected against the possibility of a further business decline, but more important, a substantial buying power reserve is available to take advantage of the excellent investment opportunities which inevitably present themselves during periods of economic stress."

Restrained selectivity is enunciated by Lawrence A. Sykes, President of the trustees of Massachusetts Life Fund, thus: "General business during the first quarter continued to slide, with no concrete indication so far that the bottom has been reached. Consequently, we limited our common stock purchases to 54% of our money available for investment and then only in carefully selected companies whose earnings appeared to be pointed higher for the year, regardless of the overall business outlook. These included the leading companies in the drug, glass container and food fields, as well as certain oils which appeared to offer good value and return at present depressed levels. The balance of available funds was invested in high grade bonds and preferreds." Its common stock selections included Allied Chemical, A. T. & T., Bendix, Cities Service, Federated Department Stores, Merck, Owens-Illinois Glass, Socony, Texas Company, Union Pacific, United Aircraft, and United Fruit.

Reporting for the giant Investors Mutual, Inc., President Bradford and Chairman Fitzsimmons state that with the relatively attractive yields still offered by bonds and preferred stocks, the larger part of its investments were placed in defensive securities of that type.

Long-Range Bullishness

Demonstrating long-range bullishness is the statement by Chairman Francis F. Randolph, who tells the stockholders in Broad Street Investing Corporation that "the prudent investor will not overlook the basic strength of the economy, which will not be changed even by severe recession and which warrants continued confidence in the longer-range outlook for business and security markets." Companies in his Tri group bought food chains, natural gas, utilities, and drugs; while oils were decisively liquidated.

* * *

POLICY TOWARD INDUSTRY GROUPS

Our analysis of portfolio changes drawn from our tabulation, on pp. 00-00, of transactions in nearly 400 stock issues, is based on the number of managements buying or selling, rather than on the number of shares involved.

The following industry groups —largely of the "defensive" type— were chiefly acquired: banks, finance companies, gold mining, insurance, natural gas, office equipment, some foreign oils, paper, steel and tobacco. Also finding favor were the airlines, foods, nickel, retail and some automotive issues.

Industries, in which considerable selling accompanied the buying, included building, aluminum, chemicals, containers and glass, drugs, electric and electronics, copper, domestic oils, rails, textiles, tires and utilities where increased selling marked some reversal from the previous quarter. Heavy machinery issues were actively sold.

GROUPS FAVORED

Airlines Zooming

American, Eastern and United each attracted buying by three fund managements. The largest purchase in the group was an entirely new acquisition by State Street of 56,300 shares of Eastern Airlines.

Automotives in Demand

General Motors stood out in this group, with seven fund managements acquiring 130,100 shares, including 63,000 by Wellington, and new acquisitions of 27,000 shares by Fidelity, 10,000 by Pennroad, 20,000 by Affiliated and 5,000 by Delaware. The five sellers included 10,000 shares each by State Street and National Securities Stock Series, as well as 6,000 by the Eaton & Howard Group. Ford was bought by three managements to the tune of 46,000 shares, including a new acquisition of 20,000 shares by Affiliated, and an addition of 24,000 by Investors Mutual. Sellers of Ford included State Street with 20,000 shares, and Adams-American International, which eliminated their 10,000 share combined holding. Opinion was sharply

Continued on page 38

With Slayton Co.

ST. LOUIS, Mo. — Mrs. Martha Pattengale and Art Froeckmann have been named registered representatives of Slayton & Company, Inc., 408 Olive Street.

Their appointments were announced here yesterday by Hilton H. Slayton.

Continued from page 37

Bought — No. of Trusts	No. of Shares		Sold — No. of Shares	No. of Trusts
2	3,000	United Fruit	8,000	2(2)
2(1)	11,500	Wilson	None	None
1	*5,100*	*Swift*	*30,000*	*2(1)*
		Insurance—Fire & Casualty		
2(1)	9,000	American Insurance	None	None
3	4,900	Fireman's Fund	None	None
2(1)	715	Government Employees Insur.	None	None
1	1,000	Phoenix Insurance	2,000	1
5(1)	10,400	Travelers	None	None
1	1,000	U. S. Fidelity & Guaranty	2,500	1
		Insurance—Life		
1(1)	900	Connecticut General Life	1,500	1
2(1)	3,750	Lincoln National Life	400	1(1)
2(2)	25,190	National Life & Accident	None	None
		Machinery, Machine Tools & Industrial Equipment		
1	3,600	American Chain & Cable	2,000	1(1)
3(1)	13,200	Dresser Industries	10,000	1(1)
3(1)	8,500	Ex-Cell-O	14,500	2
2	3,800	Ingersoll-Rand	300	2
2	20,800	Joy Manufacturing	7,500	2
4(3)	12,000	United Shoe Machinery	33,100	2(1)
2	7,500	Worthington	12,240	1(1)
1	*2,000*	*Allis-Chalmers*	*15,700*	*4(2)*
None	*None*	*Babcock & Wilcox*	*17,900*	*4(2)*
None	*None*	*Bucyrus-Erie*	*14,900*	*2(1)*
1	*15,000*	*Caterpillar Tractor*	*54,880*	*9(5)*
1	*15,000*	*Chicago Pneumatic Tool*	*18,000*	*3*
1	*500*	*Combustion Engineering*	*1,500*	*2(1)*
None	*None*	*Mesta Machine*	*8,900*	*2(2)*
		Metals & Mining—Aluminum		
3	5,500	Aluminum Co. of America	21,500	3(1)
2	5,500	Kaiser Aluminum	11,500	2(1)
1	900	Reynolds Metals	10,000	1
1	4,000	U. S. Foil "B"	700	1(1)
3(1)	*18,600*	*Aluminium Ltd.*	*52,700*	*7(2)*
		Metals & Mining—Copper		
3(1)	10,100	Anaconda	8,700	3
1	250	Cerro de Pasco	6,000	1
2	12,500	General Cable	2,000	1
1(1)	500	Inspiration Consolidated Copper	200	1
5	3,700	Kennecott Copper	26,000	4
None	*None*	*Magma Copper*	*5,900*	*3(1)*
None	*None*	*Miami Copper*	*3,500*	*2*
None	*None*	*O'okiep Copper*	*2,750*	*3(1)*
3	*14,400*	*Phelps Dodge*	*50,700*	*5(2)*
1	*200*	*Revere Copper & Brass*	*8,600*	*2(1)*
		Metals & Mining—Gold		
2(1)	29,200	Dome Mines	None	None
1	1,000	Homestake Mining	500	1(1)
2(2)	16,600	Kerr-Addison Gold Minees	None	None
		Metals & Mining—Nickel		
2	3,300	Falconbridge Nickel	500	1(1)
5(2)	32,100	International Nickel	1,500	1(1)
		Metals & Mining—Other		
2(1)	4,000	Algom Uranium	None	None
2	3,000	American Metal Climax	4,500	1(1)
2(1)	6,000	Vanadium	None	None
None	*None*	*American Smelting & Refining*	*15,000*	*3(3)*
None	*None*	*Northspan Uranium warrants*	*25,000*	*2(1)*
None	*None*	*St. Joseph Lead*	*2,500*	*2(1)*
		Natural Gas		
5	20,000	American Natural Gas	30,000	1(1)
2(1)	12,500	Arkansas Louisiana Gas	21,500	2
4(2)	31,900	El Paso Natural Gas	39,700	2(1)

Continued on page 39

Continued from page 37

Funds Intensify Their Defensive Investing Trend

divided on Chrysler, as evidenced by new acquisitions of 20,100 shares by Affiliated and 2,000 shares by National Securities Stock Series. On the other hand, Chrysler "went into reverse" via elimination of 16,200 shares by State Street and 4,000 by Blue Ridge. Immediately after the end of the quarter, on April 2, M.I.T. sold its entire holdings of 130,000 shares of Chrysler via a secondary offering.

Automotive Equipment Favored

There was fair interest in automotive equipment stocks, with two buyers each and no sellers in Dana, Eaton, and Stewart Warner. Opinion was divided on Thompson Products; with selling predominating in American Bosch Arma, the sellers including the Axe Group and de Vegh. Timken was bought by National Securities Stock Series (new), United Funds, and Fundamental; while only Delaware eliminated its holdings, to the tune of 4,700 shares.

Banks Bid for

In this well-bought group, the stand-outs were Chemical Corn by Dividend Shares (10,000), Wellington (10,000), United Funds (5,000), Value Line (2,000 new), Eaton & Howard Group (2,000), with only one seller, namely Putnam which closed out its 18,000 shares. The other big favorits was First National City Bank of New York, bought by seven managements with a combined 54,000 shares, including 20,000 by Fidelity (new), 15,000 by United Funds, 10,000 by Wellington; the principal seller again being Putnam, with a 7,000 share sell-out. Next favored was Bankers Trust, of which Wellington bought 10,000 shares, United Funds 7,500, and Group Securities Common 3,500; with no sellers in this issue. Investors Mutual bought 8,640 shares of the National Bank of Detroit, 1,050 shares of Northwest Bancorporation, and 15,200 shares of Security-First National Bank of Los Angeles. This issue was also bought by the Putnam Fund, which further acquired 5,500 shares of New York Trust, 9,000 shares of the Hanover Bank of New York City were newly purchased by Group Securities, and 2,000 by Value Line Fund. The United Funds Group bought 25,000 shares of Irving Trust, of which Investors Mutual sold 16,641 shares. United Funds Group also bought 12,000 shares of Marine Midland, with Investors Mutual again the only seller. The latter fund was also the big seller of Manufacturers Trust and Guaranty Trust in line with its tendency to switch from New York City banks to other banks. Chase was bought by United Funds (10,000), Group Securities (6,500), and Value Line (2,000 new); while the sellers included Putnam, with a 17,500-share close-out, Blue Ridge (2,000), and Knickerbocker (500).

Finance Companies Highly Favored

The consumer finance section, apparently reflecting optimistic conclusions regarding the money rate situation, good current earnings reports and a still high backlog of deferred income, aroused increased commitments. Most popular company among the funds was Commercial Credit, bought by eight managements, the largest purchase being Fundamental's 12,000 shares, followed by a 6,200-share initial acquisition by Group Securities, and a 5,000-share new commitment by New England. The only seller of this issue was State Street.

Runner-up was C.I.T. Financial, whose five buyers included Fundamental with 10,000 shares, M.I.T. with 6,000, Group Securities newly with 5,200, Delaware with 5,000, and Commonwealth with 2,500. No fund sold C.I.T.

Exhibiting selectivity, Delaware offset its C.I.T. and Commercial Credit purchases by sales of 6,000 shares of Seaboard Finance and 10,800 shares of Beneficial Finance, whose largest buyer was Wisconsin (with 6,000 shares newly acquired).

Household Finance attracted only buyers, namely M.I.T. (with 10,150), de Vegh (9,600), American European (4,000 newly), and Wellington (1,750).

Foods Found Appetizing

The "defensive" food shares sustained their popularity, led by Corn Products whose five buyers included Chemical Fund (21,000 shares), Axe "B" (5,000), National Securities Stock (5,000 new), Shareholders' Trust (5,000 new), and American European (1,600 new). The only dissenter was Affiliated with an 8,500-share reduction of its holdings.

General Foods was liked next best, Putnam making an initial purchase of 7,800 shares, and

Axe "B" adding 3,000. The only seller was Affiliated with a complete elimination of 14,600 shares. Also well-liked was Continental Baking, of which the Tri group acquired 30,600 (partly through conversion of the bonds). National Securities bought 9,000 shares, while Group Securities common made a new commitment of 2,000.

Gold Shares Shine

Also sharing the trend toward "defensive, recession-resistant" industries were the gold shares. Pennroad newly bought 28,200 shares of long dormant Dome Mines, with Knickerbocker joining in with a 100-share buy. Pennroad likewise made an initial commitment of 14,400 shares in Kerr-Addison Gold Mines, Canada's largest producer; and was accompanied therein by American European. Homestake, the Western Hemisphere's largest producer, was bought by Knickerbocker.

Policy Bullish on Insurance Issues

Here the best liked issue was the split Travelers, the multi-faceted giant, which was bought by Pennroad (5,000 newly), de Vegh (1,900), Commonwealth (1,500), Investment Co. of America (1,000), and Scudder Stock Fund (1,000). Next most favored was Fireman's Fund, also bought by Scudder Stock Fund, and Commonwealth, as well as Eaton & Howard. In good demand too, was National Life & Accident, which attracted initial purchases of 18,390 shares by Investors Mutual and 6,800 by Investment Co. of America.

Continuing its entry into more portfolios was Government Employees Insurance, whose interesting business technique of selling casualty insurance to customers on Federal and State payrolls is reputed to be paying off with quite sensational expansion, reflected in an eight-fold price appreciation by the stock since 1952. During the past quarter it was bought by de Vegh (newly) and by Affiliated.

Among the companies wholly in the life business, Lincoln was bought by Investors Mutual and National Shares; while de Vegh this time appears as a complete seller of its 400-share holding. The blue chippy Connecticut General was newly acquired by Investors Mutual, and sold by Fidelity.

Nickels Sought

In spite of the well publicized over-production of the white metal, the longer-term growth trend elicited the confidence of five buyers of International Nickel, including M.I.T. (15,000), and Fidelity (11,000 newly). Falconbridge, the second largest producer, was bought by United Funds (3,000).

Natural Gas

Natural Gas issues were still liked during the most recent quarter. Leading issue was Northern Natural Gas because of its rights offering, being bought by United Funds, M. I. T., Fidelity, and Dividend Shares; while sold only by Affiliated. Next highly favored was Tennessee Gas Transmission, bought by Investors Mutual (46,667 shares, in addition to its receipt of the 20% stock dividend), by United Funds (40,000), and Fidelity (20,000 new); and sold only by Eaton & Howard Fund (12,700) and Selected American (5,000).

Office Equipments

The office equipment group continued in moderate popularity. Holdings of IBM were increased by six companies, including Lehman in the amount of 1,825 shares, and the Scudder group with 800 shares. (In the future it will be interesting to note the impact from the operations of the One William Street Fund, the new Lehman-sponsored open-end company.) This blue chip was sold by Investment Co. of America in the amount of 1,125 shares. Burroughs, while bought and sold by an equal number of managements, met heavy liquidation by the Bullock group, Wellington and Fidelity.

Papers Picked Up

Here International Paper was the stand-out, bought by Investors Mutual, Wellington, United and others; with Selected American acting as a substantial seller (10,300-share elimination). Runners-up were Container Corp. of America, bought by Wellington (52,100), Investors Mutual (23,200), United Funds (17,000); and St. Regis, bought by Selected, Putnam, and Dreyfus.

Reflecting selectivity midst the industry's mixed prospects, West Virginia, in spite of its stretch paper project with Cluett Peabody, was sold by Lehman, Dividend Shares and de Vegh.

Retail Issues Acquired

The retail issues, stimulated by the continuing near-boom activity in this area of consumption, were well bought. Federated, which raised its dividend after the end of the quarter, was bought by Selected, Massachusetts Life, and Group Securities Common. Resurgent Montgomery Ward was newly picked up by National Securities Stock Fund in the amount of 10,000 shares. J. J. Newberry was bought by National Securities Income. Winn Dixie Stores was

Continued on page 40

Continued from page 38

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
3	18,400	Lone Star Gas	1,619	2
1	5,000	Mississippi River Fuel	10,500	1
7	29,975	Northern Natural Gas	16,400	1
1	4,000	Panhandle Eastern Pipe Line	7,000	1(1)
5	20,800	Republic Natural Gas	8,400	1
2	9,200	Southern Natural Gas	9,300	1(1)
6(3)	116,167	Tennessee Gas Transmission	17,700	2
3(2)	12,800	Transcontinental Gas Pipe Line	None	None
4(1)	35,900	United Gas	41,000	4(1)
1	*3,400*	*Colorado Interstate Gas*	*15,700*	*4(3)*
2	*16,000*	*Consolidated Natural Gas*	*53,100*	*3*
None	*None*	*Oklahoma Natural Gas*	*8,600*	*2(2)*
		Office Equipment		
3(1)	13,500	Burroughs	56,200	3(2)
6	3,397	IBM	1,567	3
1(1)	4,000	National Cash Register	3,400	1(1)
3	1,464	Pitney-Bowes	None	None
1(1)	*3,000*	*Addressograph-Multigraph*	*10,670*	*2(1)*
		Oil		
2	22,000	Atlantic Refining	3,000	2(1)
4	27,100	Cities Service	22,350	4(2)
5	23,048	Gulf Oil	3,932	3(1)
3	8,500	Kerr-McGee Oil	2,500	1(1)
4(1)	15,500	Louisiana Land & Exploration	55,000	4
2	1,500	Mission Corporation	None	None
28(9)	559,662	Royal Dutch Petroleum	None	None
2	4,500	Shell Transport & Trading	None	None
2(1)	5,000	Signal Oil & Gas "A"	16,400	1(1)
2(1)	2,400	Skelly Oil	1,000	1
3	8,200	Standard Oil of California	43,000	3(1)
7(1)	62,200	Standard Oil (Indiana)	8,000	2
1	500	Standard Oil (Kentucky)	100	1(1)
7	40,900	Texas Company	90,960	3(1)
2	15,400	Texas Pacific Coal & Oil	None	None
1	5,000	Tidewater Oil	7,340	1(1)
2(2)	6,000	Union Oil of California	9,600	2(1)
4	*2,800*	*Amerada Petroleum*	*23,200*	*7(2)*
1	*2,000*	*Anderson-Prichard Oil*	*5,500*	*2(1)*
3	*22,800*	*Continental Oil*	*81,500*	*7(5)*
None	*None*	*Ohio Oil*	*18,000*	*3(1)*
1	*2,000*	*Phillips Petroleum*	*57,900*	*4*
1	*21,000*	*Pure Oil*	*17,000*	*4(4)*
1	*7,800*	*Richfield Oil*	*10,500*	*2*
1	*4,000*	*Seaboard Oil*	*36,300*	*2(2)*
3	*10,000*	*Shell Oil*	*33,850*	*6(2)*
2(1)	*1,500*	*Sinclair Oil*	*36,900*	*3(2)*
3	*4,000*	*Socony Mobil Oil*	*30,150*	*7(3)*
6	*18,400*	*Standard Oil (N. J.)*	*67,900*	*7(1)*
None	*None*	*Superior Oil (California)*	*1,160*	*3(1)*
		Paper and Paper Products		
2(2)	6,500	Champion Paper & Fibre	None	None
4	100,300	Container Corp. of America	33,100	2
2	22,900	Crown Zellerbach	500	1
2(2)	20,200	Fibreboard Paper Products	48,000	1(1)
6	28,607	International Paper	12,639	4(1)
4	27,400	Kimberly-Clark	None	None
2	1,700	Oxford Paper	None	None
3	45,400	Rayonier	18,000	1
5(1)	28,900	St. Regis Paper	20,000	1(1)
2(1)	12,500	Warren (S. D.)	None	None
1(1)	*1,500*	*Great Northern Paper*	*8,600*	*3(1)*
2	*13,200*	*Union Bag-Camp Paper*	*7,000*	*3*
None	*None*	*West Virginia Pulp & Paper*	*13,500*	*3(1)*
		Public Utilities—Electric & Gas, Etc.		
2(1)	4,000	California Oregon Power	None	None
2(1)	18,800	Carolina Power & Light	None	None
2	4,400	Central Illinois Public Service	4,000	1
1	3,050	Central Louisiana Electric	3,450	1
2(1)	21,000	Cincinnati Gas & Electric	None	None
2	9,900	Columbus & Southern Ohio Elec.	None	None

Continued on page 40

Mitchell Curtis Branch

VALLEJO, Calif.—Mitchell T. Curtis & Co. of San Francisco have opened a branch office at 820 Marin Street under the management of Burton C. Lillis, Jr.

Hare's Ltd. Branch

FT. LAUDERDALE, Fla.—Hare's Ltd. has opened a branch office at 2740 Yacht Club Boulevard, under the direction of Philip K. Reily.

Now Candee & Co.

The firm name of Candee, Moser & Co., 44 Wall Street, New York City, has been changed to Candee & Co. Partners in the firm are William J. Candee, general partner, and William Barry Neville and F. P. Svensson, limited partners.

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Jack P. Lauderbaugh has been added to the staff of Dean Witter & Co., 45 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

Continued from page 39

Funds Intensify Their Defensive Investing Trend

purchased by Tri-Continental (25,000 shares newly) and by Lehman (2,400 additional), with no sellers.

Steels in Heavy Demand

In the face of the steel industry's curtailed production rate and profits, U. S. Steel managed to attract 11 buyers, including Incorporated (21,000), M. I. T. (15,000), Fidelity (29,000), and the Tri Group (11,300). Next most popular was Republic, whose five buyers included National Securities Stock (48,000) and Incorporated (26,000). On the other hand, this issue was sold by the Hugh Long Group (66,000 shares). Youngstown was bought by Incorporated, Selected, and Dreyfus.

On the other side of the medal, Bethlehem was sold by the Tri group, Fidelity, and Wellington. Crucible was liquidated by Commonwealth and the Axe group.

Tobaccos Strongly Favored

Outstanding issue in this group which considerably out-performed the market during the quarter was Reynolds, with its five buyers including Dreyfus, Institutional Foundation, Johnston, United Funds, and Wisconsin. Liggett & Myers was bought by National Securities, Dreyfus and Institutional. On the other hand, profit-taking found its way into Lorillard by Affiliated, Dreyfus, and United Funds. Philip Morris was bought by National Securities Income and Institutional Foundation, while sold heavily by Value Line Income and also by Pennroad.

Individual Favorites

A number of issues, not included in the above industry categories, were favored by fund buying. Outstanding among these was Avon Products in the cosmetics field, newly bought by Tri (39,000), Putnam and Johnston, and added to by Fundamental. The latter management also bought 17,000 shares of Gillette. Hertz, an expanding company in the service field, was bought by United Funds (6,100), Investment Co. of America (2,900), and National Shares (1,650); with no sellers. McGraw-Hill Publishing was purchased by Affiliated (14,200 newly) and two others. Time Inc. was newly acquired by Fidelity (14,500).

GROUPS MEETING MIXED REACTION

Aircrafts

Best liked aircraft was United, its largest buyer being Fundamental with 22,000 shares. Bendix was bought newly by Selected American, de Vegh, and Dreyfus, but closed out by National Aviation and Axe A and Axe Science. Boeing was newly acquired by Tri (25,000) and Selected American (3,000), while sold by National Aviation. General Dynamics was a stand-off, bought newly by Scudder Fund and Energy Fund, while sold by Putnam, United Funds, and Axe. Curtiss-Wright met liquidation by Fidelity, National Securities Stock, and Axe A, being bought only by the Value Line Income Fund. Martin was liquidated by Pennroad, and reduced by Putnam and the Axe group. North American Aviation was newly bought by the Scudder Fund (25,000) and added to by Atomic Development Mutual, but sold heavily by United Funds (57,000) and National Securities Stock (20,000).

Building Mixed

Best liked stock in this field was Minneapolis-Honeywell, presumably because of its electronics activities. Fundamental bought 7,900 shares, Lehman 3,500, and Energy Fund 1,000 shares newly. On the other hand, Selected American disposed of 4,900 shares, while National Shares shed 4,000. Weyerhaeuser Timber found only buyers, including Investors Mutual to the tune of 9,100. U. S. Pipe & Foundry was favored by Tri-Continental with an initial purchase of 26,800 shares.

In marked disfavor was Johns Manville, of which M. I. T. sold 100,000 shares from its 210,000-share holding. Lone Star Cement found only sellers, including complete eliminations by New England and Dividend Shares (10,000 each) and a 5,000-share reduction by U. S. & Foreign. National Lead was bought by five managements, including Fundamental (14,000) and Lehman (10,000 newly); but was sold by Incorporated Investors (29,700), the Tri group (19,700), and Selected American (5,000). U. S. Gypsum was bought by Scudder and Lehman, but sold by Wellington and others.

Chemicals and Fertilizers Divided

Here the favorite was Allied Chemical, bought by Investors Mutual and Wellington, among others. Further in demand in the chemical group were Eastman Kodak, bought by Chemical Fund, Fidelity, and Delaware; International Minerals & Chemical, newly acquired by New England and Selected American; Monsanto, with a purchase of 27,338 shares

Continued on page 41

Continued from page 39

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
3(2)	11,900	Commonwealth Edison	14,000	1(1)
3(2)	14,300	Consolidated Edison (N. Y.)	None	None
1(1)	10,000	Detroit Edison	3,800	1(1)
1	2,000	Florida Power	200	1
3(1)	4,500	Florida Power & Light	4,000	2
1	1,000	Gulf States Utilities	2,000	1
4(1)	40,944	Houston Lighting & Power	None	None
2	4,000	Idaho Power	28,900	2(1)
4	7,025	Iowa-Illinois Gas & Electric	2,500	1
2(1)	26,000	Kentucky Utilities	None	None
3	13,800	Long Island Lighting	None	None
4	6,900	Louisville Gas & Electric	None	None
4	10,500	Middle South Utilities	10,000	2(1)
2	4,300	Montana Power	6,000	1
4(1)	20,600	New York State Elec. & Gas	7,000	1(1)
4(2)	50,900	Niagara Mohawk Power	13,500	2(2)
3(2)	26,900	Northern States Power	5,000	1
2(1)	11,200	Oklahoma Gas & Electric	5,000	1(1)
2	3,100	Pacific Gas & Electric	50,000	1(1)
2(1)	19,400	Peoples Gas Light & Coke	23,500	1
2(1)	15,000	Public Service Elec. & Gas	4,000	1
1	2,500	Public Service of Indiana	3,000	1(1)
1(1)	15,000	Public Service of N. H.	1,000	1
2	1,660	Public Service of N. M.	None	None
4(2)	19,400	Rochester Gas & Electric	None	None
5	32,414	South Carolina Electric & Gas	19,429	1
4	18,100	Southern California Edison	None	None
3	8,000	Southern Co.	2,000	1
2	4,000	Tampa Electric	None	None
5	76,000	Texas Utilities	10,000	2
2	2,200	West Penn Electric	1,000	1
None	*None*	*Baltimore Gas & Electric*	*18,000*	*2(1)*
1	*1,500*	*Central & South West*	*15,000*	*2*
1	*6,000*	*Columbia Gas System*	*121,500*	*2(1)*
None	*None*	*Consumers Power*	*20,187*	*3(2)*
None	*None*	*General Public Utilities*	*22,200*	*3*
None	*None*	*Interstate Power*	*51,000*	*2(2)*
1	*1,000*	*New England Electric System*	*23,300*	*2(1)*
None	*None*	*Pacific Power & Light*	*10,000*	*2(1)*
None	*None*	*Southwestern Public Service*	*7,500*	*2(1)*
1	*1,000*	*Virginia Electric & Power*	*7,000*	*2(1)*
1	*400*	*Washington Water Power*	*8,000*	*2(1)*
None	*None*	*Wisconsin Electric Power*	*23,000*	*2*
		Public Utilities—Telephone		
6(2)	58,100	American Tel. & Tel.	18,300	3
3(1)	35,000	General Telephone	None	None
None	*None*	*American Tel. & Tel. rights*	*4,100*	*3(2)*
		Radio, Television and Motion Pictures		
4(1)	42,100	American Broadcast.-Paramount	34,100	2(1)
3	10,479	Columbia Broadcasting "A"	18,620	2
2	22,990	Columbia Broadcasting "B"	7,500	1
1	11,000	Twentieth Century-Fox	500	1(1)
None	*None*	*Motorola*	*2,000*	*2*
1	*500*	*Zenith Radio*	*11,000*	*4(1)*
		Railroads		
4(1)	17,000	Atchison, Topeka & Santa Fe	38,000	3(2)
5	17,900	Great Northern	8,300	2(1)
1(1)	3,500	Louisville & Nashville	2,000	1
1	5,000	Norfolk & Western	3,300	1(1)
1	6,000	Northern Pacific	500	1(1)
2	6,000	Seaboard Air Line	51,000	2
4(2)	14,500	Southern Pacific	8,700	1
4(2)	20,500	Union Pacific	10,000	1
None	*None*	*Baltimore & Ohio*	*27,900*	*3(1)*
1	*1,500*	*Chesapeake & Ohio*	*36,000*	*2(1)*
1(1)	*1,500*	*Denver & Rio Grande*	*6,300*	*2(1)*
None	*None*	*Illinois Central*	*135,300*	*3(3)*
1	*2,900*	*Kansas City Southern*	*500*	*2(1)*
None	*None*	*N. Y., Chicago & St. Louis*	*10,300*	*2(1)*
None	*None*	*St. Louis-San Francisco*	*25,600*	*2(2)*
2(1)	*10,500*	*Southern Railway*	*72,700*	*8(1)*

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Railroad Equipment		
2	4,400	Westinghouse Air Brake	None	None
2	*2,100*	*General Amer. Transportation*	*9,900*	*3(1)*
		Retail Trade		
2	39,500	Allied Stores	23,800	2(2)
3	5,300	Federated Department Stores	None	None
1	500	First National Stores	5,000	1(1)
2	4,600	Jewel Tea	None	None
1	5,000	Macy (R. H.)	1,000	1(1)
1	600	Marshall Field	7,500	1(1)
1(1)	10,000	Montgomery Ward	2,200	1(1)
1	1,600	National Tea	2,000	1
1(1)	9,000	Newberry (J. J.)	2,700	1
2	400	Penney (J. C.)	None	None
2(1)	27,400	Winn Dixie Stores	None	None
1(1)	*2,000*	*Grant (W. T.)*	*23,400*	*2(2)*
		Rubber and Tires		
4(2)	27,202	Firestone Tire & Rubber	6,604	3(1)
5	20,730	Goodyear Tire & Rubber	17,900	3
None	*None*	*General Tire & Rubber*	*2,200*	*2(2)*
None	*None*	*Goodrich (B. F.)*	*60,200*	*6(2)*
2	*4,200*	*U. S. Rubber*	*30,830*	*5(2)*
		Steel & Iron		
3(3)	13,500	Allegheny Ludlum Steel	4,000	1
2(1)	4,900	Carpenter Steel	None	None
2	12,900	Inland Steel	6,000	1(1)
3	4,500	Jones & Laughlin	1,545	1(1)
1	17,700	National Steel	2,000	1(1)
5(1)	98,000	Republic Steel	67,100	2(1)
3	22,841	Signode Steel Strapping	None	None
11(2)	114,900	U. S. Steel	6,000	3
1	7,000	Wheeling Steel	11,200	1(1)
3(1)	24,400	Youngstown Sheet & Tube	5,500	1
1	*2,000*	*Armco Steel*	*22,800*	*5(2)*
4(1)	*12,200*	*Bethlehem Steel*	*42,000*	*5*
None	*None*	*Crucible Steel*	*13,484*	*2(1)*
		Textile		
2(1)	12,800	Stevens (J. P.)	3,700	1(1)
1	22,100	United Merchants & Mfrs.	18,742	1(1)
2(1)	*24,400*	*American Viscose*	*12,700*	*4(4)*
None	*None*	*Cluett, Peabody*	*12,800*	*2(2)*
		Tobacco		
2(1)	4,000	American Tobacco	3,000	1(1)
3(2)	25,500	Liggett & Myers	3,400	1
2	4,500	Philip Morris	26,900	2(1)
5(3)	9,000	Reynolds Tobacco "B"	500	1
2(2)	*6,000*	*Lorillard (P.)*	*28,400*	*3(1)*
		Miscellaneous		
4(3)	49,500	Avon Products	None	None
3(1)	10,000	Brunswick-Balke-Collender	None	None
3(1)	4,800	Colgate-Palmolive	None	None
1	3,000	Eastern Industries	350	1
3(2)	8,610	Fansteel Metallurgical	2,008	2
1	700	General Time	5,500	1(1)
3	23,500	Gillette	6,000	1
2	9,500	Gustin-Bacon Mfg.	20,000	1(1)
2	5,400	Hammond Organ	None	None
2(1)	2,500	Harris-Intertype	None	None
3	10,650	Hertz	None	None
1	220	Hussman Refrigerator	200	1
1	4,000	International Shoe	6,500	1
1	11,580	Interprovincial Pipe Line	10,000	1(1)
1	10,000	Maytag	10,000	1
3(1)	15,700	McGraw-Hill Publishing	6,600	1
1	500	Minerals & Chemicals	1,000	1
4	31,200	Outboard Marine	42,500	1
1	4,600	Simmons	1,400	1
1	13,000	Stone & Webster	5,000	1
2(1)	14,600	Time, Inc.	None	None
None	*None*	*Buckeye Pipe Line*	*1,700*	*2*
None	*None*	*Grace (W. R.)*	*14,500*	*2(1)*
2	*6,000*	*Halliburton Oil Well Cementing*	*15,000*	*4*
None	*None*	*Harbison-Walker Refractories*	*9,800*	*2*
3(1)	*13,000*	*Minnesota Mining & Mfg.*	*10,200*	*4(1)*
1	*10,000*	*Newmont Mining*	*17,500*	*5(1)*
1(1)	*1,000*	*Wrigley (Wm.), Jr.*	*14,100*	*2(1)*

Continued from page 40

Funds Intensify Their Defensive Investing Trend

by Investors Mutual; Pennsalt Chemicals, with a 5,000-share purchase by Wellington; Spencer Chemical, of which Wellington was also a buyer with 25,500 shares; and Vick, of which Chemical Fund bought 11,500 shares and Blue Ridge made a new acquisition of 2,000 shares.

On the other side of this mixed group, Air Reduction was sold out by Delaware, Group Securities Common, and Wisconsin. American Cyanamid was bought by Wellington and United Funds, but sold by Fidelity, Dividend Shares' Group Securities, and Delaware. Dow was sold by United Funds, U. S. & Foreign, and closed out by Axe A; while only Dreyfus made an initial purchase. Du Pont was both bought and sold; but the sellers outweighed the buyers. Larger sellers were U. S. & Foreign and United Funds. Hercules Powder was bought by United Funds, and newly by Fidelity. Blue chip Union Carbide met heavy liquidation, by Wellington, Selected American, M.I.T., and United Funds.

Container and Glass Mixed

Another blue chip group torn between bulls and bears was the glass and container industry. Continental Can was bought newly by Fidelity and de Vegh, and also by Commonwealth, but sold by State Street and Delaware. Libbey-Owens-Ford found buyers in M. I. T. and Wellington, with nary a seller. There was likewise no liquidation of Owens-Illinois Glass, the issue being bought newly by Tri (25,000), Chemical (16,800) and Massachusetts Life (4,000). Sellers far outnumbered buyers of American Can, the former including M. I. T., Eaton & Howard, Lehman, Investors Mutual, United Funds, and Commonwealth. Only buyer was Pennroad, in the amount of 5,000 shares. Similarly in Corning Glass selling overbalanced buying, the largest seller being Wellington (8,800). Owens-Corning Fiberglas was liquidated heavily by Fundamental with a complete closeout of 15,500 shares, and Wellington with a reduction of 10,900 shares.

Drug Products Divergent

Merck was by far the outstanding issue in this group, being acquired by 11 managements, three for the first time, namely Incorporated Investors (26,900), Massachusetts Life and Johnston. Other big buyers included M.I.T. (65,000), Putnam, and Adams-American International. But divided opinion was evidenced by profit-taking on the part of seven managements, led by Affiliated (105,700) and Wellington (32,500). Next favored was Parke, Davis, with five buyers, including M.I.T. (10,000), and new commitments of 3,400 shares each by Delaware and Eaton & Howard Stock as well as 6,000 shares by Diversified. Considerable liquidation developed in Pfizer and Schering, including a 51,000-share reduction by Affiliated in the former and Lehman's sale of 10,000 shares of the latter.

Electrical Equipment and Electronics Irregular

Well bought was RCA, by Investors Mutual (20,500), Wellington (20,000), and United Funds (8,000), while on the other hand National Securities sold 18,700 shares. IT&T, now issuing rights for convertible debentures, was bought by Affiliated, National Securities Stock, and Delaware—with no sellers. M.I.T. bought 23,000 shares of McGraw-Edison, and Affiliated bought 22,480 shares of Philco. Niagara Share and Energy Fund were buyers of Philips' Lamp Works, again without sellers. Heavy liquidation hit Beckman Instruments, of which Wellington sold all its 42,000 shares, Lehman its entire 25,000 shares, National Investors all its 13,000, National shares all its 2,700 shares, and Energy Fund closed out its entire 2,000.

General Electric saw almost only sellers, the largest of which was Wellington with 16,500 shares. Similarly, Selected American sold all its Westinghouse (16,000), the Bullock group disposed of 7,400, M.I.T. of 10,000, and Investment Co. of America of 8,000.

Machinery and Machine Tools Divided

This was a thoroughly mixed group. In Dresser Industries, United Funds bought 11,000 shares while Bullock closed out its 10,000 shares. United Shoe Machinery on the selling side was disposed of by Investors Mutual (25,000) and M. I. T. (8,100 close-out). Allis Chalmers was actively sold, the largest seller being New England with a 9,000-share close-out. Babcock & Wilcox attracted only sellers, Lehman, deVegh, General American Investors, and Energy Fund. Likewise, there was only liquidation in Bucyrus-Erie and Mesta Machine. Caterpillar Tractor was disposed of by nine managements, including Investors Mutual with a 42,000 share close-out.

Metals Sold

In the metal group opinion was divided on the aluminums, where the Scudder Fund closed out its 13,000-share holding of Alcoa, while Eaton & Howard sold 7,000. Of Kaiser Aluminum, State Street eliminated 10,000 shares, while U. S. & Foreign likewise reduced Reynolds Metals and Aluminium Ltd. by 10,000 shares each. In Aluminium Ltd., Putnam eliminated its 14,500 shares and Investment Co. of America its 15,000 shares, while Loomis-Sayles newly acquired 10,000 shares, and Wellington bought 5,600.

In the coppers, Magma was sold by three funds, the sale by deVegh constituting a 4,500-share close-out. This issue attracted no buyers.

American Smelting was likewise sold exclusively by three funds, Group Securities, National Shares, and Axe A, with no buyers.

Oils Mixed

The broad acquisition of Royal Dutch, cited in more detail above, overshadowed the activity in this group. Next most favored were Standard Oil of Indiana and Texas Co., with M. I. T., Investors Mutual and de Vegh buying the former; and Chemical Fund, In-

Continued on page 42

Continued from page 41

Funds Intensify Their Defensive Investing Trend

vestors Mutual, and United Funds the later. Of Texas, there was also large-scale selling, by State Street and Wellington. Favored in this group was Gulf, with Affiliated the largest buyer.

Among the issues predominantly sold was the widely-held Amerada, the sellers including U. S. & Foreign and the Scudder Fund. Also Continental Oil, which was closed out by Wellington (50,000), Putnam (20,000), and others, with M. I. T. buying 20,000 shares. Furthermore Phillips was sold by the Scudder group, Chemical Fund, and Tri. Shell Oil was sold by the Tri group among others. Socony was closed out by Investment Co. of America and National Shares. Jersey Standard was liquidated by Investment Co. of America, Wellington, United Funds and U. S. & Foreign; while being bought by Diversified Investment.

High-priced Superior was sold by U. S. & Foreign, Selected American, and Dreyfus.

Utilities Divergent

The institutional appetite for the recession-resistant utilities subsided somewhat. Best bought were Texas Utilities, by M. I. T., Fundamental and National Investors; Middle South, by the Tri group among others; New York State Gas & Electric, by the Bullock group and Wellington; Niagara Mohawk, by Wellington, New England and Delaware; Rochester Gas & Electric again chiefly by Wellington; Southern California Edison, also by Wellington and the United Funds; and Houston Lighting, by Fundamental, Tri and Putnam, with no sellers.

Sold in the utilities group were Columbia Gas, by Affiliated and Fidelity; Consumers Power, by Group Securities Common, Wellington and Commonwealth; GPU, by Wellington and Pennroad; and Interstate Power, by Commonwealth and National Securities Stock.

In the telephone sector, AT&T was favored, with Wellington the largest buyer and Pennroad coming along with an initial commitment, while National Securities Stock was the principal seller. General Telephone was bought by Investors Mutual, Scudder Stock, and Blue Ridge; with no sellers.

Rails Thoroughly Mixed

Most frequently bought carrier was Great Northern, the largest buyer being the Scudder group. Also fairly well bought were Union Pacific and Southern Pacific, the former attracting M. I. T., and the latter Dreyfus and Group Securities Common. Liquidation was heaviest in Southern Railway, despite its favorable geographical outlook, the sellers including Tri and Fundamental. Particularly heavy liquidation hit Illinois Central, its selling of 135,300 shares by Incorporated, the Bullock group, and Axe Stock representing close-outs. B & O., which since relieved itself of part of its passenger service, was sold by Value Line Income, Delaware, and Axe A.

Rubbers and Tires Irregular

Firestone was bought by Investors Mutual, Chemical, and Fundamental, and sold by Wellington and Eaton & Howard. Goodyear found buyers in Wellington, Investors Mutual and Chemical, and sellers in United Funds, Eaton & Howard, and Investment Co. of America. Goodrich met heavy liquidation, especially by Fundamental, Wellington, and State Street, in the absence of any buying interest. U. S. Rubber was closed out by Investment Co. of America, sold by Fundamental and National Securities Stock, while bought by Delaware.

Textiles Non-Uniform

In this depressed area, where a specialized closed-end fund, Worth Fund, is about to operate, the Value Line Income Fund made a new commitment of 12,100 shares in J. P. Stevens. In the face of its diversification progress, Cluett Peabody was closed out by Investors Mutual and Delaware, and bought by none.

Individual Issues in Disfavor

Issues encountering selling included W. R. Grace, closed-out by Chemical; Halliburton Oil Well, by U. S. & Foreign, National Investors, and Texas Fund; Minnesota Mining, by Chemical, Dreyfus, Wellington, and T. Rowe Price (partly offset by three purchases); and Newmont, by U. S. & Foreign, United Funds, National Shares, American European, and Axe.

Continued from page 4

The State of Trade and Industry

on a seasonally-adjusted basis, down slightly from the $3,401,000,000 in credit repayments in February.

Federal Reserve Board officials reported that the real turning point in the consumer credit picture came between January and February. The seasonally-adjusted figure on instalment credit went from a gain in January of $83,000,000 in credit outstanding to a decline of $166,000,000 during February.

Total consumer credit outstanding on a seasonal basis, dropped $246,000,000 during March, the Board observed, to a total at the end of the month of about $42,600,000,000. For the year ended March 31, this was up by $1,800,000,000 compared with March 31, 1957.

In the automotive industry last week passenger car production in the United States scored a 35.8% increase as Chevrolet resumed full operations following a severe one-week shutdown, "Ward's Automotive Reports" declared on Friday last.

The statistical service counted the past week's output at 79,661 cars and 18,007 trucks compared with 58,664 and 16,204, respectively, the week before.

"Ward's" said the robust increase veiled the fact that 12 of the industry's 48 assembly plants, or nearly 25%, were closed a week ago for reduction of the 800,000 new car stockpile.

It is entirely likely, "Ward's" noted, that the industry's severe manufacturing adjustment will persist throughout the summer months, a prelude to some of the earliest shutdowns for model changeover seen since the pre-1940 period.

The statistical service totaled April United States car assembly at 316,503 units, vs. 357,049 in March and 548,656 in April last year. It was the lowest volume since April, 1948. Despite the cutback, April new car stocks were whittled by only about 7% and now border on 800,000 units.

Idled last week were four car assembly plants of Mercury, one each of DeSoto and Studebaker-Packard, three of Ford Division, plus three branch plants of Buick-Oldsmobile-Pontiac. In addition, the latter three worked four factories three days and Chevrolet one plant four days. Dodge car output at Detroit resumed after a shutdown the week before last, "Ward's" noted.

"Ward's" estimated that General Motors Corp. bit off 52.7%, Chrysler Corp. 16.4%, Ford Motor Co. 25.3%, American Motors Corp. 4.5% and Studebaker-Packard Corp. 1.1% of April car building, and the low price field models, in total, 67.7%.

Steel Operations Expected to Rise to 50.0% of Capacity This Week

Steelmaking operations showed a modest gain last week after declining for five straight weeks, "Steel" magazine declared on Monday of this week.

The metalworking weekly said furnaces were operated at 48% of capacity, or up 1 point. Production was about 1,296,000 net tons of steel for ingots and castings.

Districtwise, St. Louis had the highest operating rate at 68.5% of capacity, or a gain of 12 points from that of the preceding week. The lowest was Detroit which worked at 12%, down 1.5 points.

Conservatism is the dominant note in market appraisals being made by steel industry spokesmen, the publication declared. Production forecasts have been scaled down to 1954 size. Estimates run from 87,000,000 to 91,000,000 tons.

Speaking for those who expect an 87,000,000-ton year, Avery C. Adams, President of Jones & Laughlin Steel Corp., makes this projection: Second quarter operations will average 55% of capacity, 1 point better than they were in the first period. Output will jump to 65% in the third quarter and to 75% in the fourth.

Mr. Adams' opinion is that no upturn can be expected until consumers complete their inventory adjustments. That should happen "sometime in the second quarter," then shipments will match consumption.

Other industry spokesmen take different views. One believes second quarter operations will probably be a little lower than those of the first three months. Another steelmaker looks for inventory correction to have spent itself by the end of the third quarter.

For most steelmakers, first quarter earnings reports were anything but encouraging. Low volume production resulted in higher costs and drastically reduced profits. A "Steel" study of earnings showed four of 24 steelmakers lost money. Others failed to cover their dividends.

When wage rates go up on July 1, steelmakers will find it hard to pass the added costs along and harder still to absorb them.

If buyers think prices are going up, they are doing nothing about it, continues this trade weekly. Mills report no hedge buying, probably because inventories are still too big to suit most consumers. Under present conditions, the speculative buyer is apt to pay more for borrowed money or storage than he could gain by a well-timed purchase.

Detroit diemakers hope rumors of early 1959 model introductions prove true. They are in dire need of business. It is estimated that 150 to 170 small manufacturing firms in the Detroit area, mostly die and stamping shops, have gone out of business during the last six months.

The upturn in steelmaking operations failed to stimulate mill buying of steelmaking scrap. "Steel's" composite on the prime grade slipped to $31.83 a gross ton, off another $1, concludes this trade journal.

The American Iron and Steel Institute announced that the operating rate of steel companies will average *84.0% of steel capacity for the week beginning May 5, 1958, equivalent to 1,350,000 tons of ingot and steel castings (based on average weekly production for 1947-1949) as compared with an actual rate of *80.2% of capacity, and 1,289,000 tons a week ago.

Output for the week beginning May 5, 1958 is equal to about 50.0% of the utilization of the Jan. 1, 1958 annual capacity of 140,742,570 net tons compared with actual production of 47.8% the week before.

For the like week a month ago the rate was *81.4% and production 1,308,000 tons. A year ago, the actual weekly production was placed at 2,220,000 tons, or 138.2%.

***Index of production is based on average weekly production for 1947-1949.**

Electric Output Made Further Gains the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, May 3, 1958, was estimated at 11,251,000,000 kwh., according to the Edison Electric Institute. Output continued its upward trend of the previous week.

For the week ended May 3, 1958, output increased by 45,000,000 kwh. above that of the previous week, but decreased by 35,000,000 kwh. or 0.3% below that of the comparable 1957 week, but increased 436,000,000 kwh. above that of the week ended May 5, 1956.

Car Loadings Cut 0.1% Last Week and 22.7% Below Like 1957 Period

Loadings of revenue freight for the week ended April 26, 1958, were 751 cars or 0.1% under the preceding week.

Loadings for the week ended April 26, 1958, totaled 533,724 cars, a decrease of 157,065 cars or 22.7% below the corresponding 1957 week, and a decrease of 246,253 cars, or 31.6% below the corresponding week in 1956.

Passenger Car Output Turned Sharply Higher Last Week as Chevrolet Resumed Full Scale Operations

Passenger car production for the week ended May 2, 1958, according to "Ward's Automotive Reports," scored a 35.8% increase as Chevrolet resumed full scale operations following a severe one-week shutdown.

Last week's car output totaled 79,661 units and compared with 58,664 (revised) in the previous week. The past week's production total of cars and trucks amounted to 97,668 units, or an increase of 22,800 units above that of the previous week's output, states "Ward's."

Last week's car output increased above that of the previous week by 20,997 while truck output was advanced by 1,803 vehicles during the week. In the corresponding week last year 119,999 cars and 23,849 trucks were assembled.

Last week the agency reported there were 18,007 trucks made in the United States. This compared with 16,204 in the previous week and 23,849 a year ago.

Canadian output last week placed at 7,736 cars and 1,313 trucks. In the previous week Dominion plants built 7,615 cars and 1,340 trucks and for the comparable 1957 week, 10,038 cars and 2,025 trucks.

Lumber Shipments Increased 7.7% Above Output in Week Ended April 26, 1958

Lumber shipments of 486 reporting mills in the week ended April 26, 1958, were 7.7% above production, according to the National Lumber Trade Barometer. In the same period new orders were 28.0% above production. Unfilled orders amounted to 34% of stocks. Production was 0.2% below; shipments 2.5% above and new orders were 11.9% above the previous week and 14.6% above the like week in 1957.

Business Failures in Latest Week Point Slightly Higher

Commercial and industrial failures edged up slightly to 336 in the week ended May 1, from 329 in the preceding week, Dun & Bradstreet, Inc., reports. Casualties were moderately heavier than last year when 297 occurred and they also exceeded the 277 in 1956. Continuing above the pre-war level, failures were 20% higher than the 281 in the comparable week of 1939.

Casualties involving liabilities of $5,000 or more increased to 313 from 282 in the previous week and 254 a year ago. On the other hand, small failures under $5,000 fell to 23 from 47 last week and 43 in 1957. Forty concerns succumbed with liabilities in excess of $100,000 as against 30 in the preceding week.

Most of the week-to-week rise centered in construction, which advanced to 51 from 43 and in wholesaling, up to 36 from 29, while manufacturing casualties edged to 64 from 63. In contrast, fewer retailers failed, 161 as compared with 167 a week earlier and fewer service businesses, 24 as against 27. Mortality exceeded last week's level in manufacturing, retailing and construction, but held even in wholesaling and dipped slightly in commercial service.

Four geographic regions accounted for all of the rise during the week. The East North Central total increased to 66 from 50, the Pacific to 71 from 61, the East South Central to 11 from 3 and the West South Central to 20 from 18. Declines were reported in the other five regions, including the Middle Atlantic States, which was off to 99 from 113, and the South Atlantic, down one to 33. More businesses failed than a year ago in six of the nine major regions, with the most noticeable upturn in the Middle Atlantic

States. Meanwhile, dips from 1957 prevailed in the Pacific and South Central States.

March Failures Rise Sharply to New Postwar High

Business failures surged up 21% in March to reach a new postwar high of 1,495. This toll which was 12% above March of last year, has been exceeded only once since 1933 and that was in January, 1939. However, the rising casualties primarily reflect the growth in the total business population.

Dollar liabilities, although not climbing as sharply as the number of casualties, also reached a postwar peak. At $72,600,000, they ranged 10% above February. Meaningful comparisons with earlier years require adjustment for the changing value of the dollar and appraisal in terms of the total business volume in a given year.

Month-to-Month increases prevailed in all functions with manufacturing and commercial service suffering the sharpest upturns. Contrary to the general uptrend, three retail trades — apparel, drugs and automotive had fewer failures than in February.

Construction casualties remained below the previous year's level for the fourth consecutive month, but all other groups had heavier mortality than in March, 1957. The leather and heavy industries accounted largely for the manufacturing rise, while the wholesaling increase was strongest in the building materials trade. On the other hand, retail failures edged up from last year in all lines except food, drugs and building materials.

Six of the nine major geographic regions reported rising casualties between February and March. New postwar records were established in the Middle Atlantic, South Atlantic, East North Central and East South Central States. Large city failures climbed more sharply than the non-metropolitan. Tolls more than doubled 1957 levels in Chicago, Cleveland, St. Louis, Boston and Milwaukee.

Wholesale Food Price Index Last Week Held Unchanged From the Prior Week

The Dun & Bradstreet wholesale food price index on April 29 remained unchanged from the $6.58 posted on April 22. However, in comparison to the $6.12 of last year, the current index shows a gain of 7.5%.

Higher in price the past week were flour, wheat, corn, barley, lard, tea, cocoa and prunes. Lower in price were potatoes, steers, hams, lambs, cottonseed oil, eggs, coffee 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 Registered Declines For the Week and Like Period a Year Ago

The Dun & Bradstreet daily wholesale commodity price index fell to 278.73 on April 28 from 279.92 registered the previous week. This figure is considerably below the 285.62 price level of one year ago. Grains and most livestocks led the decline.

Corn prices dipped slightly for the first time in four weeks along with all other grain and soybean futures. A government announcement of the new export subsidy plan for corn failed to hold prices at earlier levels. The quarterly report showed a record supply of corn and feed grains generally for this time of the year. Prospects of bumper crops of winter wheat and soybeans along with lagging demand depressed prices of these commodities.

Flour prices rose slightly, although bakery flour demand remained slow. Commercial sales of flour for export totalled 52,000,000 bushels in grain equivalent thus far this season as against 40,300,000 in the same period last season.

A good demand for rice in the domestic market kept prices firm although most buyers continue to cover needs for limited periods. The trucker's injunction freed supplies of coffee on the docks which had been purchased at a lower price than those in store. Coffee futures declined at a somewhat milder rate than the prices in the cash market.

Spot prices on raw sugar continued to rise moderately last week while domestic sugar futures were unchanged to slightly higher. Cocoa prices continued upward for the second week although the rate of increase slowed somewhat.

Moderate declines were shown in the prices of hams, steers, hogs, lambs and lard during the past week while bellies held even. Dressed beef prices rose again after last week's drop.

Metals held firm with the exception of scrap steel which continued to decline for the seventh straight week.

Cotton futures prices fluctuated narrowly on the New York Cotton Exchange early last week but closed April 25 with losses of 5 to 38 points. Unfavorable weather in parts of the cotton belt kept prices up early in the week. However, a report that a subcommittee of the House of Representatives Agricultural Committee would be urged to recommend lower price supports for 1959 and more liberal cotton acreage, dropped prices in the last day's session. Exports from the United States increased to 142,000 bales in the period ended on Tuesday of last week, a considerable gain over the 117,000 bales shipped the week before and the 94,000 shipped a year ago. Cotton exports for the season through April 22 were estimated at 4,237,000 bales as compared to 5,767,000 for the same period last year.

Trade Volume Showed an Uneven Trend the Past Week

Consumer buying was uneven in the period ended on Wednesday of last week but equalled or edged slightly above last year. Cold, wet weather hampered sales in some areas, while special promotions bolstered activity in others. Dresses and sportswear were selling well and purchases of linens, appliances and garden equipment increased appreciably. Spot checks indicate that new passenger car sales were boosted considerably from the previous week by special sales promotions and a noticeable upturn prevailed in the used-car market.

The total dollar volume of retail trade in the period ended on Wednesday of last week ranged from 2% below to 2% above the similar calendar week a year ago. Regional estimates varied from the comparable 1957 levels by the following percentages: Middle Atlantic and Pacific States +4 to +8%; South Atlantic +3 to +7; East South Central 0 to —4; New England and Mountain —1 to —5; West South Central —3 to —7; East North Central —5 to —9 and West North Central States —6 to —10%.

Interest in women's fashion accessories heightened and volume in dresses and sportswear continued to rise. Retailers also reported gains in children's wear. While buying of men's furnishings remained sluggish, there was considerable activity in men's summer suits and wash-wear sport clothing. Some improvement was noted in boys' wear volume although it remained below last year.

Consumers stepped up purchases of appliances, primarily air conditioners, laundry equipment and hi-fi sets. Interest in furniture was sluggish except for a continued rise in summer items. Housewares and draperies were selling moderately well, while early White Sales pushed linen sales above the previous week. Retailers in most areas reported that purchases of garden equipment were increasing.

Retail food sales showed a week-to-week rise. Housewives continued to increase purchases of canned goods and fresh produce and an improvement was noted in meat volume. Grocers reported little change in buying of poultry and dairy products.

Warmer weather sparked an upsurge in order for cotton dresses and sportswear. In the textile market, a pick-up was noted in the buying of synthetic fibers, cotton gray goods and rainwear fabrics. Ordering accelerated in bedding and linens. For dyers and finishers, activity lagged in apparel goods and declines continued in the processing of carpet, upholstery and automotive lines.

While large attendance was reported at wholesale furniture shows, ordering was spotty. In Detroit, floor coverings and draperies were selling briskly and heightened interest in mirrors was reported in Chicago.

Wholesale food volume held steady or dipped slightly during the week.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended April 26, 1958, increased 4% above the like period last year. In the preceding week, April 19, 1958, a decrease of 9% was reported. For the four weeks ended April 26, 1958 a decrease of 3% was reported. For the period Jan. 1, 1958 to April 26, 1958 a decrease of 2% was recorded below that of 1957.

Retail trade sales volume in New York City the past week suffered from inclement weather which resulted in a decline of as much as 5% under the level of the like 1957 week, trade observers estimated.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended April 26, 1958 rose 8% above that of the like period last year. In the preceding week, April 19, 1958 a decrease of 8% was reported. For the four weeks ended April 26, 1958 a decline of 1% was reported. For the period Jan. 1, 1958 to April 26, 1958 an increase of 1% was registered above that of the corresponding period in 1957.

Railroad Securities

Virginian Railway

While Virginian Railway's revenues so far this year have declined sharply from those of a year ago, it still is believed that the 50-cent quarterly dividend will be covered.

In the first quarter the road's traffic volume fell about 25% from a year ago. This reflected the sharp decline in the shipments of bituminous coal, both for domestic purposes as well as foreign. Shipments abroad had given the carrier's revenues a substantial boost in recent years. Steam coal continues to move in good volume because of the demand from the utilities.

A pickup in domestic business activity would be immediately reflected in carloadings. Despite higher output of coal abroad, over the longer term these shipments again are expected to show an upward trend. This is due to the continued expansion of European steelmaking capacity and growing energy consumption, with the foreign mines probably unable to meet the increasing demands.

Despite the drop of 25% in traffic in the first quarter, Virginian was able to show a net income equal to 75 cents a share as compared with $1.32 a share reported in the like period of 1957. During April, loadings ran more than 30% under those of a year ago. However, the road is believed to be able to cut back on maintenance expenses, particularly of equipment, and to rearrange its operating schedules in line with the lower volume of business. With respect to the future of coal, it was stated recently by an official of the American Mining Congress that "reliable forecasts are for a 50% increase in the consumption of coal in the United States by 1975."

Indicating the relatively strong financial condition, the railroad was able to sell $12 million first lien and refunding mortgage bonds series F, 4% due May 1, 1983. The bonds were offered to the public at 100 and accrued interest and reportedly were well received. This was on a much better basis for the company than other recent rail bond offerings. The proceeds of this financing will be used to pay off a $4,500,000 short-term bank loan due June 11 and the balance will be applied to replenish working capital and for new property improvements. The road's cash position had been reduced by large expenditures for additions and betterments and for new equipment, with about half of the amount being taken down from cash resources.

As of Feb. 28 cash items amounted to $5,587,000, down from $16,852,000 a year earlier. There was a working capital deficit of $118,000 against a working capital balance of $10,929,000 at the end of the like 1957 period. Total long-term debt maturing this year, including sinking fund requirements, aggregates more than $2 million which is considerably below estimated 1958 depreciation charges of $4,310,000. The latter coupled with the funds received from the new financing should greatly improve the working capital position.

The Virginian recently announced it is considering the advisability of making a bond exchange offer for the outstanding preferred stock. This has been accomplished by other roads with substantial tax savings resulting. In the case of this carrier, it is pointed out that annual dividend requirements on the preferred amounts to about $1,680,000 indicating a possible saving of some $900,000.

Cruttenden, Podesta Offer Adams Eng. Co. Debentures and Stock

Underwriting groups, both headed by Cruttenden, Podesta & Co., Chicago, Ill., on May 7 publicly offered the following securities of Adams Engineering Co., Inc.: $2,000,000 of 6½% convertible sinking fund debentures due April 1, 1968 at 100% and accrued interest, and 250,000 shares of class A common stock (par 10 cents) at $4 per share.

The debentures are convertible prior to maturity, unless previously redeemed, into shares of class A common stock at the following initial conversion prices per share: $4 to April 1, 1960; $4.10 to April 1, 1962; $4.20 to April 1, 1964; $4.30 to April 1, 1966; and $4.40 thereafter.

The net proceeds from the sale of the debentures will be used (1) to retire approximately $420,000 of indebtedness of the company; approximately $1,100,000 to liquidate short-term borrowings secured by assignment of accounts receivable; and the balance to pay approximately $400,000 of notes payable to trade creditors.

The company will receive none of the proceeds from the sale of the class A common stock, such proceeds going to selling stockholders.

Adams Engineering Co., Inc. and its wholly-owned subsidiaries manufacture ABC aluminum jalousie windows and doors, awning windows, sliding glass doors, aluminum thresholds, various kinds of aluminum outdoor furniture, and aluminum billets, extrusions and tubing, and distribute certain of the products.

The business of the company is presently conducted through the company and the following 100% owned subsidiaries, all Florida corporations:

Adams Engineering Properties, Inc., organized in 1953, owner of the Miami, Fla., plant site which it leases to the parent company.

Adams Engineering Building Co., Inc., organized in 1953, owner of South Hackensack, N. J., plant site which it leases to the parent company.

ABC Exporters, Inc., organized in 1955, the distributor of company products in foreign countries.

Armstrong Container Corp., organized in 1955, the manufacturer of shipping cartons for the company's products.

Armstrong Cushion Co., Inc., organized in 1957, the manufacturer of cushions for the company's aluminum furniture.

ABC Foundry Co., Inc. organized in 1957, which casts aluminum billets for use in the company's products and for sale to others.

ABC Laboratories, Inc., organized in 1955, research and testing laboratory for aluminum products.

Armstrong Press, Inc., organized in 1957, which prints the company's sales literature, stationery supplies and forms.

ABC Aluminum Products, Inc., organized in 1955, ABC Windows of Ft. Lauderdale, Inc., ABC Windows of St. Petersburg, Inc., ABC Windows of Orlando, Inc., ABC Windows of West Palm Beach, Inc., all organized in 1956, ABC Windows of Tampa, Inc, and ABC Windows of Sarasota, Inc., organized in 1957. These subsidiaries are all Florida sales and warehouse branches for jalousie windows and doors, awning windows and sliding glass doors.

ABC Windows of Atlanta, Inc., and ABC Windows of Ohio, Inc., organized in 1957, Georgia and Ohio sales and warehouse branches for jalousie windows and doors, awning windows and sliding glass doors.

Continued from first page

Recession With Inflation

those in which most management problems are approached. Ordinarily a management problem is analyzed within a framework of social and legal assumptions that are not to be questioned. We assume, for example, competitive markets, a given monetary system, the sancity of contracts, the privacy of property, the freedom of individual choice, the system of taxation—whatever it is—a given body of Federal and state law. These are the kind of things we may think of as the framework factors within which economic life functions. The framework factors are the "rules of the game" arising out of the morals, customs and attitudes of the people which have been hardened into usage and codified into law backed by the great power of government.

I mentioned these framework factors because I am convinced that we can never fully understand our present economic predicament except in terms of an evolution in some of these framework factors. They have been changing slowly but cumulatively over the decades—and the cumulative consequence is as dramatic as it is little recognized by most people. For example, history discloses no instance in which a nation has escaped inflation if it persistently multiplies its money supply. We have re-enacted the gruesome record! In 20 years our money supply has been quadrupled against a population increase of only one-third and the buying power of the dollar has been more than cut in half. As another framework change we may note that over these same years great industry-wide labor unions have arisen. They represent great power that is political in origin but whose exercise has consequences that are economic and far-reaching. And Federal taxation has risen to the point where it takes over 90% of the higher bracket income earned by our most productive citizens. Such rates have truly reached confiscatory levels.

Meanwhile the nation has been through a great and terrible war and through an historically typical decade-long reconstruction boom. It is my belief that the big problem we now face and which, for lack of better terminology, I call "Recession With Inflation" is a convergence into a critical focus of certain war consequences and certain ominous trends in the framework factors. It is to the explanation of this attitude that I will devote the remainder of these remarks.

The War Consequences

Consider first the war consequences. War, as you know, fearfully wrenches the economy. It is a period of great activity spurred by a concentrated effort to survive as a nation. But it is simultaneously a period of great postponement—postponement of production of all those peacetime durable goods we can for the time being do without while we use up and patch up those we already have to make them last a little longer. In the meantime the nation—as assumed to be required by the war exigencies—becomes flooded with what amounts to printing press money, the natural effects of which are sought to be repressed by price controls and rationing.

When the war comes to an end I suppose we would all agree that it is the most natural thing in the world for the nation to turn its hands to catching up on the production of things postponed while the war was on. So one highly abnormal situation replaces a preceding one. The war period's deeply subnormal production of peacetime durable goods of all kinds — producers', consumers' and public—finds its offsetting counterpart in their postwar highly supra-normal production. But the catching-up job cannot be done in a day, a month or a year. It takes a long time, and the record of history shows that it normally takes 10 or a dozen years for the great postwar booms to run their course. Most all of you here can verify that out of your own experience, since most of you have lived through two such periods — the great boom of the 1920's following World War I and the great boom just behind us following World War II. If you delve into the records of the past you will find analagous periods following the Civil War and the War of 1812.

I suppose next that we would all agree that when the catching-up job is finally done, then the need to be further busily engaged in such catching-up has, by definition, vanished. The nation has then earned the right to leisure—and since the catching-up job can easily be overdone, the period of leisure can be correspondingly extended. Why the postwar reconstruction booms are overdone is not absolutely clear. Partly it may be due to the long-lasting power of the backlog demand stimulus. Partly it is because they are fueled by soft money policies accepted in wartime and perpetuated through public habituation to this dire economic drug. But that the periods of leisure are extended can be readily verified by reference to the record. All of the great postwar booms of the past have been followed by what economists call secondary postwar depressions, ranging from about four years to a little over 10 years in length. The trouble with this long leisure is that in our complicated economy it takes the awful form of involuntary unemployment of a pronounced and prolonged sort. To avoid such an outcome this time is one of the most serious economic problems with which management — and, indeed, the entire citizenry—has ever been confronted. And this brings me to the changes going on in the framework factors.

The Creating of New Jobs

But first I think the problem can be narrowed down a bit and brought into still sharper focus. Thus I think all of us would agree that if old jobs have to come to an end and idleness is to be avoided, then there is only one answer that makes any sense at all, and that is to stimulate, or at least not hamper by law, the natural and normal creation of new self-sustaining productive jobs. If we cannot find within ourselves the wisdom and courage to establish or re-establish a political and economic framework conducive to the creation of new self-sustaining jobs, then we are self-condemned to chronic unemployment akin to that which prevailed throughout the 1930's and from which we only finally escaped when we went to war—a solution that nobody ever wants to repeat. This is a harsh statement. But time is running out too fast to be spent in dodging the unpleasant realities.

So let us get a still sharper focus on how new jobs come into existence. Far too few people ever meditate on that fundamental matter and so I am going to issue you a challenge: Think as long and hard as you will, but a new, self-sustaining, productive job comes into existence only when someone somewhere invests savings in tools of production and thereby creates the environment in which men can go to work producing the marketable values to cover their continuing wages and the investor's profit. There is no other way. And here is the central and basic truth through reference to which we may judge the effectiveness of any public or private policy in solving today's problem of recession. Will it create new jobs—or at the very least recreate old jobs as though they were new ones?

Taxation

With these matters in mind let us now look at the trends in that often obscure but awfully important framework factor we know as taxation. I am immediately confronted by realization that most every one is against taxes on himself, but thinks it is all right for the other fellow to pay them, especially if his income is bigger. After all, he still has enough to live on — or else the "he" is one of those big impersonal corporations. It is hard to great impartial consideration of matters so personal to so many, but I am nevertheless going to try to do so.

First it would seem well to get firmly in mind a broad perspective on what has been happening to taxes over the years. Most people do not realize that in America there are over 100,000 taxing authorities. Back in the 1920's the total taxes levied by them were about $9 million. That was about 10% of the net national product; but by 1956 the taxes had increased to over $100 billion, or nearly 30% of the net national product. This is an extraordinary and startling growth and it would be surprising indeed if it did not have profound influences on the American civilization. Any tax at all tends to impair people's incentives to produce or to invest savings in production; and the bigger the share of what you produce that is taken from you in taxation, the less your interest is in producing abundantly. But just as serious as the overall trend towards enormous taxation is the fact that the taxation of income of both individuals and corporations has now come to be heavily concentrated upon the vital creation of savings that flow into job-creating investment.

Let us look at that trend for a moment. As far as the taxation of individual income is concerned that is the story of steep progressive taxation. Those best able to risk — and often lose — venture capital in the creation of new jobs are naturally those who earn larger incomes. In the absence of fraud or coercion those of larger income receive it only as they and their property equivalently serve the community at its own competitive prices. Thes killed machinist gives more and gets more than the apprentice. Since each thus gives to the community the equivalent of what he gets from it there is no moral basis for taxing the more productive at higher rates. But leaving that aside, the consequences to the creation of new jobs can be disastrous because steep progressive taxation systematically eliminates a principal source of venture capital upon which progress depends. Taxing the more skilled and the more productive at ever increasing rates undermines both their incentive and their ability to provide the venture capital on which new jobs depend. It self-denies to the nation the enterprise leadership of the very people who have competitively proved their capacity for it. No wonder Karl Marx advocated this kind of taxation! It is also profoundly short-sighted because as the sources of new jobs are dried up government is called upon to support the unemployed and aid many undertakings, such as agriculture, housing, shipping, stockpiling and so on. This in turn provides seeming justification for maintaining or further steepening the taxes, thus energizing a spiral into some sort of statism.

Anti-Employment Taxes

Because of preoccupation with war and postwar boom, few people realize the growth in this anti-employment type of taxation. In 1930 the top Federal income tax rate was 25%, applied to taxable income over $100,000. Today the top bracket rate has been lifted to 91%, and the former top bracket rate of 25% applies to an individual's taxable income in the $4,000 bracket. Half or more of an individual's taxable income over $16,000 is now taken by taxation. The individual income tax trends and the economic situation have drifted into an alarming juxtaposition: Never before has this taxation been so great a barrier to the creation of new jobs; and seldom before has the creation of new jobs been so imperative.

Consider next the broad trends in the taxation of corporate income. Corporations are not the creations of government. They are the resourceful invention of people to enable large numbers of them cooperatively to pool their resources and their labor and so accomplish mighty production tasks beyond the power of any one individual or small number of them. Corporations provide about three-quarters of all non-government employment. If we want many people to be employed, then it would seem to be only ordinary common sense to see to it that taxation be designed to permit and encourage job-creation by corporations rather than to discourage and hamper that process.

But the taxation and double taxation of corporate income also unhappily have come to impair productive incentive and to dissipate the seed corn of progress. Look at the facts: In 1930 the tax on corporate profits was 12%. Today the tax is 52%—more than four times as much. Moreover when corporate income is paid out in dividends it is again taxed to the recipients at the steeply progressive individual income tax rates. For all corporations the total dividends—which are all that stockholders ever get from their corporations—before such second taxation amount to only 3.5% of national income. It is important to realize, as very few do, that in this country three-quarters of the productive employment hangs on this tiny part of the national income—for without dividends or the prospect thereof there would be no corporations. Misguided tax or other assault on corporate income could well have unexpectedly dramatic consequences to employment.

The tax on corporate income as presently constituted works out as a penalty for being efficient because the company that operates more efficiently pays a higher tax per unit of production. Taxes levied at high rates against efficiency cannot help but impair that efficiency and so compound rather than diminish the problems of business recovery.

Especially significant is the tax dissipation of corporate receipts vitally needed for reinvestment in the business; for without this "seed corn" income no company can either make good the insufficient depreciation allowed on existing tools of production or have money to purchase additional job-creating tools. Nor can it readily attract outside capital. It is clearly not good sense to tax away money otherwise destined to provide new jobs and products at a time when these may be much needed. This is not money to be distributed and dissipated in consumption, to enrich selected groups of people to the envy of others. It is, instead, the very core of growth in corporate America upon which so many prospective jobs must inescapably depend.

Persistent Inflation

But the story of tax impairment of employment does not end there. A combination of persistent inflation — to which I will come in a moment—and lagging tax code adjustment to it, means that not only are future jobs threatened but also existing jobs are being undermined. This is because the real capital of many companies is being eroded away by taxation as that capital turns over through depreciation. It results from the fact that it takes many more of today's cheapened dollars to replace equipment as it wears out than it took originally to purchase the equipment many years ago. But depreciation allowed in computing taxable income is limited to the smaller number of dollars originally expended. The difference between such depreciation and the larger amount needed to recover the purchasing power expended—and so to keep the facilities intact—is arbitrarily called income and taxed as such. For U. S. Steel, about which I naturally know more than about other companies, such tax erosion of capital as it turned over through depreciation amounted to over $650 million in the years 1940 to 1957 inclusive.

If under such taxation the tools of production are not to deteriorate, then part of income must be reinvested merely to make good the deficiency in depreciation allowed. But to have one dollar of income after taxation to make good the depreciation deficiency, two dollars must be secured either in higher prices charged customers or in cost reduction. The unrealistic tax treatment of depreciation thus has one or more of three consequences, all of which are undesirable: Either the existing tools of production are not replaced as they wear out; or corporate income needed to finance job-creating expansion is diverted to meet the depreciation deficiency; or prices may have to be raised on a two-for-one basis, to the extent that competitive conditions permit.

There have been some tax expedients that have temporarily mitigated the depreciation problem. For example, under certificates of necessity portions of the cost of new facilities certified as necessary to the national defense could be amortized for tax purposes within the first five years of such facilities' estimated useful lives. For many companies the addition of amortization on new facilities to so-called regular depreciation on old facilities gave, temporarily, a truer total of depreciation on all facilities based on current dollar values. The record is clear that this temporary approach towards realistic treatment of depreciation for tax purposes had a most pronounced effect in releasing the flow of capital into job-creating investment.

Operates in Reverse

But now—and at a most unfortunate time when capital expenditures are already declining—the effect of this tax expedient is operating in reverse. The five-year accelerated amortization amounts are running out and the former unrealistic treatment of depreciation is reappearing and, short of corrective legislation, is due to be even more exaggerated. For, once the depreciation on existing facilities has been taken in the form of accelerated amortization, then no further depreciation on them at all may be taken in the future. Allowable depreciation will thus be even less than the quite inadequate so-called regular depreciation would have been in the absence of accelerated amortization. The employment-deterring consequences may, of course, be correspondingly increased.

I have, however, some hopes with respect to this matter. I note that it is receiving attention from the Ways and Means Committee in terms of testimony, particularly that of Reverend William T.

Hogan, S. J. of Fordham University and of Maurice E. Peloubet, a distinguished certified public accountant. They testified on Jan. 15 with respect to a treatment of depreciation for tax purposes called "Reinvestment Depreciation." They would apply to long-term facilities certain accounting procedures analogous to those developed many years ago for short-term inventories, known as LIFO. Under the proposed plant the cost of a new facility replacing an old one could be charged to current costs to the extent that it exceeded the original cost of the facility being retired. This would represent a long step towards the only realistic basis of depreciation, which is recovery of purchasing power originally expended.

In discussing the taxation of both individual and corporate income I have tried to draw your attention to how this taxation has evolved over the years while the nation has been preoccupied and energized by war and postwar boom. The simple fact, as I have noted, is that such taxation has now come to bear most heavily upon that vital creation of savings that flow into job-creating investment. It tends to undermine the incentive of everybody to engage in superior effort. Now that the boom is over and recession is being experienced, I feel deeply that if we are to have a healthy and lasting recovery it is important to evoke the initiative, the effort, the enterprise, the leadership of our most able and efficient citizens and corporations. I doubt that it can be done by taxing away up to 91% of any fruits of the individual's additional effort; and I equally doubt that innovation of new products and job-creating investment in facilities can be helped by taxing away the corporate funds for their financing. Somehow we must find some way to remove these powerful tax deterrents.

But please understand me in one respect. I do not urge any overall blind reduction of taxes in general on the basis of a phony purchasing power theory or to create huge Federal deficits. There is a world of difference between intelligent tax reform to restore incentives and to free up the flow of savings into job-creating investment on the one hand and, on the other, a blind resort to what amounts to printing press money which would only aggravate an inflation which has already become institutionalized too much in America. That way lies trouble and that brings me to the framework factor behind the vigorous continuation of inflation despite significant business recession.

Inflation

Wartime inflation in America—as in other times and places—is characteristic. You can read all about it in the textbooks. You can think of it as a demand-pull type of inflation. It results from government resort to printing press money or its more modern equivalent of issuing debt that becomes the basis for the expansion of bank deposits that people use for money. With this new money the Government drains the markets of goods to meet its huge wartime demands. The resulting inflation is accepted or endured as part of the process deemed necessary to winning the war. But continuous peacetime inflation is a new thing in America. You cannot read about it in the textbooks. You can think of it as a cost-push inflation. Its fundamental root is the continuing elevation of employment costs resulting from the rise to tremendous political and economic power of industry-wide labor unions.

More and more people are coming to understand and accept this as a fact, regardless of whether their attitudes be sympathetic or critical. But what people do not so fully understand is that when basic employment costs advance, industry by industry, to a degree greater than the rise in overall national productivity they cannot help but force all other costs up with them. The direct employment costs of any one business may range from a small part to a very large part of its total costs. But every business must purchase goods and services from others. These purchases from others reflect the increased employment costs of the suppliers, whose, own purchases reflect the increased employment costs of their suppliers in turn, and so on and so on. When all industry is taken on a consolidated basis, employment costs represent over three-quarters of all costs. These costs cannot rise endlessly and prodigiously without bringing about cost-covering price increases; and there is your cost-push inflation, as simple as that.

Profits and Inflation

I suppose at this point I should dispose of the propagandized notion that inflation has been due to expanding corporate profits. The facts as collected and published by the United States Government show that total corporate profits in 1957 were actually $2 billion less than in 1950. In the same time-span labor income per year increased by over $95 billion. It is not profit inflation, it is wage inflation that has forced prices upward. It is the essence of our new institutionalized cost-push inflation.

There is a distinctive feature of cost-push inflation that is worth noting. It is that, being a manifestation of power rather than a reflection of economic circumstance, it is quite insensitive to economic forces as we know them. I find this reflected in the records of my own company—as indeed it is reflected in the records of the nation as a whole. Year after year, whether in war or in peace, in good years or bad years, the employment costs per hour inexorably march ever upward. In my own company for over 20 years the average annual increase in employment costs per hour has been the equivalent of about 8% per annum compounded.

Well, these matters are gradually coming to be better understood by more and more people, so I need not dwell on them. But I do assure you that they are worthy of your most thoughtful consideration in studying the problem of recession with inflation, for what better guarantee could one have that unemployment would be hastened and prolonged as the great postwar boom fades than that business should be confronted with ever increasing basic costs as it tries to sell into increasingly saturated markets?

I now come to the conclusion of these remarks, and as I do so I confess that I have no specific panacea to offer. But I do have a plea to make. It is that you will each for yourselves seek—as I have here briefly sought with you—to discover and define the process through which new productive jobs come into existence and with them the more and better and newer products and services that make for an ever rising scale of living in our land. Learn, too, the things that can impair that process, as well as the things that must be done to guard and improve it. And then, ever afterwards, let your attitudes, your actions and your words, public and private, be such as to guard rather than undermine that precious American heritage.

Edward T. Willis

Edward T. Willis, Vice-President of M. A. Schapiro & Co., New York City, passed away May 3 at the age of 64, following a long illness.

I. T. & T. Debenture Offer Underwritten By Kuhn, Loeb Group

International Telephone & Telegraph Co. is offering to its stockholders of record May 6, 1958 the right to subscribe on or before May 21, 1958 for $28,692,000 of new 4⅞% convertible subordinated debentures due May 15, 1983, on the basis of $100 principal amount of debentures for each 25 shares of capital stock held. The subscription price is 100% (interest to accrue from May 21, 1958).

The offering is underwritten by a group of investment bankers headed by Kuhn, Loeb & Co.

The prices at which debentures will be convertible into capital stock will be $37 per share through May 15, 1968, $42 per share thereafter through May 15, 1975, and $47 per share thereafter through May 15, 1983.

The new debentures may be called for redemption at prices ranging from 104.75% to 100%, with accrued interest in each case. They are also subject to redemption for the account of the sinking fund at 100% and accrued interest.

The net proceeds from the sale of the securities will be added to the general funds of the corporation, and will be used to replenish cash and increase working capital and will be available for capital expenditures, investments in subsidiaries and such other purposes as the International may determine.

International was incorporated in 1920 under the laws of the State of Maryland and has its executive offices at 67 Broad St., N. Y. C. It is engaged, directly and through subsidiaries, in the manufacture, sale, installation and maintenance of communications, electronic and electrical equipment and supplies, the operation of telephone and radiotelephone facilities, the operation of cable and radiotelegraph facilities and the operation of research and development laboratories. These activities are carried on in the United States and 22 other countries.

With L. B. Schwinn Co.

CLEVELAND, Ohio—Thomas J. Seary is now affiliated with L. B. Schwinn & Co., Union Commerce Building, members of the Midwest Stock Exchange. He was formerly with Ball, Burge & Kraus.

Joins W. S. Halle

CLEVELAND, Ohio — Jack N. Holdstein has joined the staff of Will S. Halle & Co., The 1010 Euclid Building, members of the Midwest Stock Exchange.

Mary S. Slemons Joins Hunter Parker, Connaway

PORTLAND, Oreg. — Mary S. Slemons has joined the staff of Hunter Parker, Conaway & Holden, 430 Southwest Morrison Street.

Pleasant Valley Oil & Mining Stock at 10c.

Stauffer Petroleum Corp., Oklahoma City, Okla., is offering an issue of 2,000,000 shares of common stock (par five cents) of Pleasant Valley Oil & Mining Corp. at 10 cents per share.

Pleasant Valley Oil proposes to drill an exploratory well for oil and/or gas at a location to be selected by its engineers on some part of its acreage held in San Juan County Grand County, or Washington County, all in the State of Utah.

Public Utility Securities

By OWEN ELY

The Detroit Edison Company

Detroit Edison supplies electricity in the highly industrialized City of Detroit and a segment of lower Michigan, with a population of about 3,855,000. It also provides steam service in downtown Detroit. While the area is the center of automobile and parts manufacturing, there are also other diversified industries, together with farm areas.

While it is sometimes assumed that Detroit Edison is an "industrial" utility, actually the proportion of industrial revenues (29% of total electric revenues) is quite moderate as compared with some other utilities such as Cleveland Electric, West Penn, Minnesota P. & L., etc. The residential business constituting 39% of total revenues is a relatively high percentage for a company serving a metropolitan area. The company has always followed a very liberal service policy, supplying customers with free light bulbs and free repairs of many appliances—so unusual it has been described in articles in "Time" and "Readers' Digest." Also, circuit breakers rather than fuses are installed in new homes. The average residential charge of 2.75c per kwh. last year was only moderately above the national average. Residential usage, 3,114 kwh., was probably slightly above the national average.

At the end of 1957, Detroit Edison had six steam plants and some small hydro units with a total capability of 3,101,000 kw., and power is also available from the Ontario Hydro-Electric Commission. Peak demand last year was 2,546,000 kw., indicating a reserve of 22%. With a substantial construction program, capacity will be increased about 36% by 1961. The company is now installing some very large units. The second unit at River Rouge with a capacity of 260 kw. (the same as the one installed in February 1956) went into service last November. A third unit is scheduled for operation this year with a capability of 322,000 kw. Also, preliminary construction has continued at St. Clare for two units of 320,000 kw. capacity each, one to be installed in 1959 and one in 1961.

Construction expenditures last year were $82 million of which about 40% was expended for generating units at the River Rouge and St. Clare and the Enrico Fermi Atomic Power Plant. At the end of 1957 gross plant investment exceeded $1 billion.

In July 1957, the company made an agreement with a group of institutional investors for the private sale of $70 million general and refunding 4⅞ due 1987 (not refundable during the first ten years with funds borrowed at a lower interest cost than 4⅞). At the end of the year overall annual requirements for interest on long-term debt were about 3.4%.

The sale of these bonds retired outstanding bank loans and helped provide for the construction program during 1957 and early 1958. The entire program for 1958 is estimated at $75 million. A substantial part of this amount will be taken care of by cash on hand and funds available from operations; the method of financing the remainder has not been indicated as yet. However, in the past one of the company's favorite methods of financing has been through issuance of convertible debentures, and stockholders will probably be asked to authorize a new issue of this type, for future use when and if deemed advisable. At present the company still has remaining three previous issues—about $470,000 3s of 1978, $1,420,000 3¼s of 1969, and $58,800,000 3¾s of 1971. The latter becomes convertible Oct. 1 into common stock at 30.77.

Capitalization at the end of 1957 was approximately as follows:

	Millions	Percentage
Mortgage Debt and Long-Term Notes	$420	51%
Convertible Debentures	60	7
Common Stock Equity (12,487,000 shares)	340	42
Total	$820	100%

The year 1957 was one of the best in the company's 55-year history, although it ended in a downtrend reflecting the low volume of production in the automobile and related industries. This had a retarding effect on peak load, number of customers, etc. However, despite this factor, industrial output showed a gain of 5% and total kwh. sales an increase of 6%, with revenues up the same amount. Share earnings of $2.62 showed a good gain over the $2.36 reported in the previous year, and were the highest since 1928.

Dividends paid during the year were 15c higher than in 1956, the $2 rate having been established in the last quarter of 1956. An estimated 41.75% of dividends paid in 1957 was free of Federal income tax. This meant that under the different accounting used for income tax purposes, depreciation charges were considerably heavier, reflecting five-year amortization of certain plants as well as accelerated depreciation on new properties since Jan. 1, 1954.

The company felt the effects of inflation in an increase of 10% in fuel costs as compared with a gain of only 5.5% in output. From October 1956 to December 1958 mine prices of coal increased about 35c a ton and freight rates gained 17c. However new generating equipment made possible greater use of lower cost coal and larger output per pound of coal consumed, these factors helping to offset the higher price of fuel.

During 1957 the company increased the rate of interest used in computing the interest on construction credit. The credit approximated 31c a share, but is expected to drop this year to around 21c, and to approximate 20c a year for several years thereafter.

In the first quarter of 1958 revenues were off about 1% and share earnings (74c vs. 81c) about 9%. However, for the 12 months ended March 31, share earnings were $2.55 vs. $2.48.

The stock has been selling recently around 39½, yielding slightly more than 5%.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

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 Durox Corp., Englewood, Colo.**
May 1 filed 2,500,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For construction of new plant and establishment of the business at Tampa, Fla., including payment of the balance due on a plant site. **Underwriter**—I. A. I. Securities Corp., 3385 S. Bannock Street, Englewood, Colo.

★ **American Investors Fund, Inc., Larchmont, N. Y.**
May 1 filed 2,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

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.

● **Ampco Mfg. Co. (5/12)**
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.

Appalachian Power Co. (5/27)
April 23 filed $25,000,000 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.; The First Boston Corp.; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co. (jointly); Harriman Ripley & Co. Inc. **Bids**—To be received up to 11 a.m. (EST) on May 27 at 30 Church St., New York 8, N. Y.

★ **Arkansas Western Gas Co., Fayetteville, Ark. (5/28)**
May 5 filed 55,774 shares of common stock (par $5) to be offered for subscription by stockholders of record May 28, 1958, at the rate of one additional share for each 10 shares then held. **Price**—$15 per share. **Proceeds**—For property additions and improvements. **Underwriter**—None.

● **Arnold, Hoffman & Co., Inc.**
March 28 (letter of notification) 20,697 shares of common stock (par $10) being offered to stockholders at the rate of one new share for each share held of record April 29; rights to expire on May 22. **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.

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. (5/21)**
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. (5/15-6/1)**
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.

★ **Banner Mining Co.**
April 30 (letter of notification) 40,000 shares of common stock (par $1). **Price**—$7.50 per share. **Proceeds**—For mining expenses. **Office**—132 South Main St., Salt Lake City, Utah. **Underwriter**—None.

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.

★ **Boston Fund Inc., Boston, Mass.**
April 30 filed (by amendment) an additional 1,500,000 shares of common stock (par $1). **Price** — At market. **Proceeds**—For investment.

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.

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.

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. (5/19-23)**
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 determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Eastman Dillon, Union Securities & Co.; White, Weld & Co. and Stone & Webster Securities Corp. (jointly); Kidder, Peabody & Co. **Bids**—Expected to be received during week of May 19.

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.

Chase Fund of Boston (6/3)
April 24 filed 1,000,000 shares of capital stock (par $1). **Price**—$10 per share. **Proceeds**—For investment. **Underwriter**—Shearson, Hammill & Co., New York.

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.

● **Cobb (John), Inc. (5/14)**
April 24 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—1182 Broadway, New York, N. Y. **Underwriter**—B. Fennekohl & Co., 205 E. 85th Street, New York, N. Y.

★ **Colorado Beryllium Corp.**
May 2 (letter of notification) 399,000 shares of common stock (par 10 cents.) **Price**—50 cents per share. **Proceeds**—For mining expenses. **Address**—P. O. Box 394, Estes Park, Colo. **Underwriter**—None.

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., 30 Broad St., New York, N. Y.

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. Statement withdrawn.

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**—None.

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.
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.

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.

★ **Exploration Service Co., Ltd., Far Hills, N. J.**
April 30 filed, together with An-Son Offshore Drilling Co., New Orleans, La., 15 units, each representing a

1/30th of the working interest in the North Half Main Pass Block 48 Prospect. **Price**—$10,780 per unit. **Proceeds**—For cost applicable to the interests offered of drilling and testing a proposed well, and the estimated cost of completing and equipping said well as a producer of oil and/or gas. **Underwriter**—Cador Inc., Far Hills, N. J.

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.

Fidelity Bankers Life Insurance Corp.
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. **Office**—Richmond, Va. **Underwriter**—None.

First Backers Co., Inc., Clifton, N. J.
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.

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.

● **Four Corners Oil & Gas Co., Denver, Colo.**
March 25 filed 400,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To pay off debts and for drilling and exploration costs. **Underwriters**—None.

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 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.

★ **Georgia Casualty & Surety Co., Atlanta, Ga.**
May 6 filed 450,000 shares of common stock (par $1). **Price**—$6 per share. **Proceeds** — For general corporate purposes. **Underwriter**—Buckley Enterprises, Inc.

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. (5/12-16)
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 directors. **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — None.

Gulf States Utilities Co. (5/19)
April 16 filed $20,000,000 of first mortgage bonds due 1988. **Proceeds**—Together with other funds, to be used for construction program. **Underwriting** — 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**—To be received up to 11:15 a.m. (EDT) on May 19 at The Hanover Bank, 70 Broadway, New York 15, N. Y.

Gulf States Utilities Co. (5/19)
April 16 filed 240,000 shares of common stock (no par). **Proceeds**—Together with other funds, to be used for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith and Lehman Brothers (jointly); Stone & Webster Securities Corp. **Bids**—To be received up to noon (EDT) on May 19 at The Hanover Bank, 70 Broadway, New York 15, N. Y.

★ **Hera Exploration Co.**
April 29 (letter of notification) 620,000 shares of common stock (par 10 cents). **Price** — 15 cents per share. **Proceeds** — For exploration, engineering, development and working capital. **Office** — 115 Seventh Avenue, Rendton, Wash. **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.

★ **Household Gas Service, Inc.**
May 1 (letter of notification) $60,000 6% convertible debentures dated June 1, 1958 and due June 1, 1973. **Price**—100% plus accrued interest (in denominations of $1,000 and $500). **Proceeds**—For repayment of debt and working capital. **Office**—Clinton, N. Y. **Underwriter**—Mohawk Valley Investing Co., Inc., Utica, N. Y.

Husky Hi-Power, Inc.
April 14 (letter of notification) 15,000 shares of 6½% convertible series A preferred stock. **Price**—At par ($20 per share). **Proceeds**—For working capital. **Address**—P.O. Box 380, Cody, Wyo. **Underwriter**—The First Trust Co. of Lincoln, Lincoln, Neb.

Illinois Power Co. (5/20)
April 23 filed $25,000,000 of first mortgage bonds, due 1988. **Proceeds** — To repay short-term bank loans and

Continued on page 48

NEW ISSUE CALENDAR

May 9 (Friday)
Long Island Arena, Inc. ______ Debens. & Common
(Dunne & Co.) $750,000

May 12 (Monday)
Ampco Manufacturing Co. ____ Debentures & Com.
(Cortlandt Investing Corp.) $277,500
Glassheat Corp. ______ Common
(James Anthony Securities Corp.) $300,000
Public Service Co. of Oklahoma ______ Bonds
(Bids 11 a.m. CDT) $16,000,000
Tele-Broadcasters, Inc. ______ Common
(Sinclair Securities Corp.) $130,000
Wisconsin Power & Light Co. ______ Preferred
(Offering to preferred stockholders—underwritten by Smith, Barney & Co., and Robert W. Baird & Co.) $3,000,000
Wisconsin Power & Light Co. ______ Common
(Offering to common stockholders—underwritten by Smith, Barney & Co., and Robert W. Baird & Co.) 241,211 shares

May 13 (Tuesday)
Thompson (H. I.) Fiber Glass Co. ______ Common
(Shearson, Hammill & Co.) 125,000 shares
United Gas Improvement Co. ______ Bonds
(Bids 11 a.m. EDT) $15,000,000

May 14 (Wednesday)
Cobb (John) Inc. ______ Common
(B. Fennekohl & Co.) $150,000
Long Island Lighting Co. ______ Bonds
(Bids 11 a.m. EDT) $20,000,000
One William Street, Fund, Inc. ______ Common
(Lehman Brothers) $87,500,000

May 15 (Thursday)
Bankers Southern Inc. ______ Common
(Bankers Bond Co.) $893,400
Merrimack-Essex Electric Co. ______ Bonds
(Bids 11 a.m. EDT) $20,000,000
National Distillers & Chemical Corp. ____ Debens.
(Glore, Forgan & Co. and Dominick & Dominick) $60,000,000
Nuclear Materials & Equipment Co. ______ Preferred
(Offering not underwritten) $300,000
Tel-A-Sign Inc. ______ Common
(Charles Plohn & Co. and Clayton Securities Corp.) 200,000 shares

May 19 (Monday)
Central Hudson Gas & Electric Corp. ______ Bonds
(Bids to be invited) $18,000,000
Gulf States Utilities Co. ______ Bonds
(Bids 11:15 a.m. EDT) $20,000,000
Gulf States Utilities Co. ______ Common
(Bids noon EDT) 240,000 shares
Technology Instrument Co. ______ Common
(S. D. Fuller & Co.) $2,600,000
Walker-Scott Corp. ______ Debentures
(Eastman Dillon, Union Securities & Co.) $900,000
Walker-Scott Corp. ______ Common
(Eastman Dillon, Union Securities & Co.) 40,000 shares

May 20 (Tuesday)
Illinois Power Co. ______ Bonds
(Bids 10 a.m. CDT) $25,000,000

May 21 (Wednesday)
Bankers Management Corp. ______ Common
(McDonald, Holman & Co., Inc.) $400,000
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 26 (Monday)
Industro Transistor Corp. ______ Common
(S. D. Fuller & Co.) 150,000 shares
New York Telephone Co. ______ Bonds
(Bids 11:30 a.m. EDT) $70,000,000

May 27 (Tuesday)
Appalachian Power Co. ______ Bonds
(Bids 11 a.m. EST) $25,000,000
Oslo (City of), Norway ______ Bonds
(Kuhn, Loeb & Co., Harriman Ripley & Co. Inc., Lazard Freres & Co., and Smith, Barney & Co.) $11,000,000
Transcontinental Gas Pipe Line Corp. ______ Bonds
(White, Weld & Co., and Stone & Webster Securities Corp.) $25,000,000
Transcontinental Gas Pipe Line Corp. ____ Preferred
(White, Weld & Co., and Stone & Webster Securities Corp.) $15,000,000

May 28 (Wednesday)
Arkansas Western Gas Co. ______ Common
(Offering not underwritten) $836,610

May 29 (Thursday)
Illinois Bell Telephone Co. ______ Common
(Offering to stockholders—no underwriter) $87,079,200

June 3 (Tuesday)
Chase Fund of Boston ______ Capital
(Shearson, Hammill & Co.) $10,000,000
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
Niagara Mohawk Power Corp. ______ Bonds
(Bids to be invited) $50,000,000

June 16 (Monday)
New England Telephone & Telegraph Co. ____ Com.
(Offering to stockholders—no underwriter) 735,245 shares
Oklahoma Gas & Electric Co. ______ Bonds
(Bids to be invited) $15,000,000

June 17 (Tuesday)
Community Public Service Co. ______ Debentures
(Bids to be invited) $3,000,000
Delaware Power & Light Co. ______ Bonds
(Bids 11:30 a.m. EDT) $25,000,000

June 24 (Tuesday)
Central Illinois Light Co. ______ Bonds
(Bids to be invited) $6,000,000
Pacific Power & Light Co. ______ Bonds
(Bids to be invited) $20,000,000

June 25 (Wednesday)
United Gas Corp. ______ Debentures
(Bids to be invited) $40,000,000

July 2 (Wednesday)
Florida Power Corp. ______ Bonds
(Bids 11:30 a.m. EDT) $25,000,000

July 8 (Tuesday)
Northern States Power Co. (Minn.) ______ Bonds
(Bids 11 a.m. EDT) $30,000,000

July 9 (Wednesday)
New York Telephone Corp. ______ Bonds
(Bids to be invited) $60,000,000

August 26 (Tuesday)
New England Telephone & Telegraph Co. __ Debens.
(Bids to be invited) $40,000,000

Continued from page 47

for new construction. **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 by company in Chicago, Ill., up to 10 a.m. (CDT) on May 20.

★ Income Fund of Boston, Inc., Boston, Mass.
May 2 filed (by amendment) an additional 1,000,000 shares of common stock (par $1). **Price** — At market. **Proceeds**—For investment.

Industro Transistor Corp. (N. Y.) (5/26-29)
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.

★ Inspiration Lead Co., Inc.
May 2 (letter of notification) 2,000,000 shares of common class B non-assessable stock (par 10 cents). **Price**—15 cents per share. **Proceeds**—For mining expenses. **Office** —106 King St., Wallace, Idaho. **Underwriter**—None.

● International Telephone & Telegraph Corp.
April 17 filed $28,692,000 of 4 7/8% convertible subordinated debentures due May 15, 1983 being offered for subscription by stockholders of record May 6, 1958 at rate of $100 of debentures for each 25 shares held; rights to expire on May 21. **Price**—100% of principal amount. **Proceeds**—For working capital, capital expenditures, investments in subsidiaries, etc. **Underwriter** — Kuhn, Loeb & Co., New York.

Janaf, Inc., Washington, D. C.
July 30 filed $10,000,000 of 5½-8% sinking fund debentures due Aug. 1, 1972 and 100,000 shares of common stock (par 20 cents) to be offered in units of a $1,000 debenture and 10 shares of stock, or a $100 debenture and one share of stock. **Price**—Par for debenture, plus $2 per share for each 10 shares of stock. **Proceeds**—For construction of a shopping center and other capital improvements; for retirement of present preferred shares, and for working capital, etc. **Underwriter**—None.

● Lefcourt Realty Corp., New York
Jan. 29 filed 250,000 shares of common stock (par 25 cents). **Price**—$2.50 per share. **Proceeds**—For development of property in Florida. **Underwriters**—Aetna Securities Corp., New York, N. Y., and Roman & Johnson, Fort Lauderdale, Fla. Statement effective April 23. **Offering**—Now being made.

Life Insurance Securities Corp., Portland, Me.
March 28 filed 1,000,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds**—To acquire stock control of "young, aggressive and expanding life and other insurance companies and related companies and then to operate such companies as subsidiaries." **Underwriter**—First Maine Corp., Portland, Me.

Linair Engineering, Inc., Inglewood, Calif.
March 24 filed $200,000 of 6% convertible subordinated debentures, due April 1, 1973, and 100,000 shares of capital stock (par $1) to be offered in units consisting of $500 of debentures and 250 shares of stock. **Price**—$750 per unit. **Proceeds**—To finance increased inventories and the cost of engineering new products, to acquire new machinery and equipment, and for working capital. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

● Long Island Arena, Inc., Commack, N. Y. (5/9)
April 7 filed $750,000 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.
April 8 filed 696,260 shares of common stock (par $10) being 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, 1958. **Price**—$22.25 per share. **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.

Maine Fidelity Life Insurance Co.
March 26 filed 50,000 shares of capital stock (par $4) being offered for subscription by stockholders of record April 22 at the rate of one new share for each share held (with an oversubscription privilege); rights to expire on May 9. **Price**—$12 per share. **Proceeds** — For working capital. **Office** — Portland, Me. **Underwriter** — P. W. Brooks & Co., Inc., New York.

★ Maryland Recreation Enterprises, Inc.
April 28 (letter of notification) 1,000 shares of 6% cumulative preferred stock (par $100) and 20,000 shares of class A common stock (par $10). **Price**—At par. **Proceeds**—For working capital and for the construction of a recreational center. **Office** — Fisher Lane, Rockville, Md. **Underwriter**—None.

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.

★ Mead Corp., Dayton, Ohio
May 1 filed 250,000 shares of common stock (par $5) to be offered pursuant to the company's 1958 Employees' Stock Plan.

Merchants Credit, Inc.
April 21 (letter of notification) $300,000 of 6% subordinated participating debentures, due Aug. 31, 1958. **Price**—At par. **Proceeds** — For working capital. **Office** — c/o Harry Malasky, President, 1425 Primrose Rd., N. W., Washington, D. C. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

● Merrimack-Essex Electric Co. (5/15)
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 5 5/8% 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**—Expected to be received up to 11 a.m. (EDT) on May 15 at 441 Stuart St., Boston 16, Mass.

★ Midwest Oil Corp.
May 2 (letter of notification) an undetermined number of shares of common stock (par 10), not to exceed an aggregate value of $50,000, to be offered to employees under the company's Employees' Thrift Plan. **Price**—At the average New York Stock Exchange price on the date of purchase. **Office** — 1700 Broadway, Denver 2, Colo. **Underwriter**—None.

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.

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.

★ Murphy Corp., El Dorado, Ark.
May 5 filed 71,958 shares of common stock (par $1) to be offered in exchange for outstanding common shares of Superior Refinery Owners, Inc., and Lake Superior Refining Co. (both of Superior, Wis.), at the rate of six shares of Murphy stock for each share of Superior Refinery and Lake Superior stock. The company also offers its stock in exchange for outstanding negotiable promissory notes and second mortgage notes of Superior Refinery, and for outstanding negotiable promissory notes of Lake Superior, at rate of four shares for each $100 principal amount of such notes. Offer is conditional upon its acceptances by holders of at least 95% of the outstanding shares and notes of both companies.

● National Distillers & Chemical Corp. (5/15)
April 25 filed $60,000,000 of 25-year sinking fund debentures due May 1, 1983. **Price**—To be supplied by amendment. **Proceeds**—To repay $30,000,000 long-term bank loans, to reduce short-term loans and for capital expenditures and working capital. **Underwriters**—Glore, Forgan & Co. and Dominick & Dominick, both of 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**—Now expected in June.

★ New York Telephone Co. (5/26)
May 2 filed $70,000,000 of refunding mortgage bonds, series K, due May 15, 1991. **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. **Bids**—To be received up to 11:30 a.m. (EDT) on May 26 at Room 1600, 140 West 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.

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 Materials & Equipment Corp. (5/15)
April 18 (letter of notification) 30,000 shares of 6% noncumulative convertible preferred stock. **Price**—At par ($10 per share). **Proceeds** — For working capital and additional equipment. **Office** — Warren Ave. at North Seventh St., Apollo, Pa. **Underwriter**—None.

● 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. Registration statement withdrawn about a month or so ago.

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.

● One William Street Fund, Inc. (5/14)
May 1 filed (by amendment) 7,000,000 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.

★ Oslo (City of), Norway (5/27)
May 6 filed $8,000,000 of sinking fund external loan bonds, due June 1, 1973 and $3,000,000 of serial external loan bonds, maturing June 1, 1960, 1961, and 1962. **Price** —To be supplied by amendment. **Proceeds**—For financing in part the completion of the Hemsil Hydro-Electric Power Development Project which is designed to provide the City by the end of 1960 with an additional 152,000 kilowatts of installed power at a total cost of approximately 155,590,000 kroner. **Underwriters** — Kuhn, Loeb & Co., Harriman Ripley & Co. Inc., Lazard Freres & Co., and Smith, Barney & Co., all of 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.

Paradox Production Corp., Salt Lake City, Utah
April 18 filed 767,818 shares of common stock (par $1), of which 100,000 shares are to be offered by the company in exchange for oil and gas properties and 3,000 for services; the remaining 664,818 shares are to be offered to the public. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Market Securities, Inc., Salt Lake City, Utah.

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.

★ Pennsylvania Power Co.
May 7 filed 60,000 shares of cumulative preferred stock (par $100). **Proceeds**—Together with cash on hand and estimated to be received from operations, toward the company's construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Blyth & Co. Inc. (jointly); Lehman Brothers; Smith, Barney & Co.; Merrill Lynch, Pierce, Fenner & Smith; Glore, Forgan & Co., and W. C. Langley & Co. (jointly); Kidder Peabody & Co. Inc., and White, Weld & Co. (jointly).

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.

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.

Potomac Plastic Co.
March 31 (letter of notification) $57,500 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.

★ **Private Enterprise, Inc., Wichita, Kansas**
May 5 filed 125,000 shares of common stock. **Price**—$10 per share. **Proceeds** — To be used to organize, or reorganize and then operate companies in foreign nations, principally, but not exclusively, in the Far East, Near East and Africa. **Underwriter**—None.

Public Service Co. of Colorado (5/21)
April 29 filed 160,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—For 1958 construction program. **Underwriters**—The First Boston Corp., Blyth & Co., Inc. and Smith, Barney & Co., all of 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**—To be received up to 11 a.m. (CDT) on May 12 at 20 No. Wacker Drive, Chicago 6, Ill.

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.

● **Rockwell-Standard Corp., Coraopolis, Pa.**
April 28 filed 285,600 shares of common stock (par $5) to be offered in exchange for the capital stock of Aero Design & Engineering Co. in the ratio of 1 5/7 shares of Rockwell-Standard stock for each share of Aero stock. Not less than 80%, or 133,280 Aero shares, may be accepted. Offer will expire on May 31.

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.

★ **Rorer (William H.) Inc., Philadelphia, Pa. (5/26-5/29)**
May 6 filed 100,000 outstanding shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—The company makes and sells ethical pharmaceuticals. **Underwriters**—Kidder, Peabody & Co., New York, N. Y., and Schmidt, Poole, Roberts & Parke, Philadelphia, Pa.

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.

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.

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.

Springfield Fire & Marine Insurance Co.
March 28 filed 1,000,000 shares of common stock (par $2) being 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. (New Jersey)**
May 5 filed 2,246,091 shares of capital stock (par $7) to be offered in exchange for common shares of International Petroleum Co., Ltd., of Toronto, Canada, and Coral Gables, Fla., in the ratio of nine shares of Standard Oil stock for 10 shares of International stock. Offer would expire on July 1, 1958.

★ **Stanley Works, New Britain, Conn.**
April 28 (letter of notification) an undetermined number of shares of common stock (par $25) to be offered to employees, other than directors, and to employees of company's designated subsidiaries under the deferred payment basis. **Proceeds**—For working capital. **Office**—195 Lake Street, New Britain, Conn. **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.

Sun Oil Inc., Philadelphia, Pa.
April 22 filed 15,000 memberships in the Stock Purchase Plan for the employees of the company and its subsidiaries, together with 188,000 shares of common stock (no par) which may be purchased by the trustees of the plan during the period July 1, 1958, to June 30, 1959, with respect to the 1958 plan. Registration also covers 243,288 shares of outstanding common stock which may be offered for possible sale by the holders thereof during the period July 1, 1958 to June 30, 1959. **Underwriter**—None.

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 1,202,730 shares of common stock being 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 April 24, 1958, and rights will expire on May 16, 1958. **Price**—At par ($2 per share). **Proceeds**—To pay outstanding obligations to Ogden Corp. **Underwriter**—None.

Tax Exempt Bond Fund, Inc., Washington, D. C.
June 20 filed 40,000 shares of common stock. **Price**—$25 per share. **Proceeds** — For investment. **Underwriter**—Equitable Securities Corp., Nashville, Tenn. **Offering**—Held up pending passing of necessary legislation by Congress.

● **Technology Instrument Corp. (5/19-23)**
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.

● **Tel-A-Sign Inc., Chicago, Ill. (5/15-20)**
April 24 filed 200,000 shares of common stock (par 20 cents). **Price**—To be supplied by amendment. **Proceeds**—To retire $197,000 of notes and to reduce accounts payable by $150,000; the balance to be used for general corporate purposes, including the increase of working capital. **Underwriters**—Charles Plohn & Co., New York, N. Y., and Clayton Securities Corp., Boston, Mass.

● **Tele-Broadcasters, Inc. (5/12-16)**
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 Calgary Co., Abilene, Texas**
April 30 filed 2,000,000 shares of capital stock (par 25 cents). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Underwriter**—Thomson Kernaghan & Co., Ltd., Toronto, Canada. To be offered in Canada only.

Thompson (H. I.) Fiber Glass Co. (5/13)
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.

Tip 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.

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.

★ **Transcontinental Gas Pipe Line Corp. (5/27-28)**
May 5 filed $25,000,000 of first mortgage pipe line bonds due 1978 and 150,000 shares of cumulative preferred stock (no par—stated value $100 per share). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

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 Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5). **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None. Myrl L. McKee of Portland, Ore., is President.

★ **United Funds, Inc., Kansas City, Mo.**
May 1 filed (by amendment) an additional 2,000,000 shares of United Accumulative Fund (par $1). **Price**—At market. **Proceeds**—For investment.

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 Hardware Distributing Co., Minneapolis, Minn.**
May 5 filed 1,475 shares of 5% cumulative preferred stock (par $100), and 11,750 shares of common stock (par $10) to be offered to retail hardware dealers who are stockholders of the company to equalize holdings. **Price**—For preferred stock, $100 per share; for common stock, $50 per share. **Proceeds**—For working capital to be used to increase inventory of hardware items. **Underwriter**—None.

United States Sulphur Corp.
Oct. 8 filed 1,500,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For plant rental, etc.; to retire corporate notes; for core drilling; for working capital; and for other exploration and development work. **Office** — Houston, Texas. **Underwriter** — None.

United States Telemail Service, Inc.
Feb. 17 filed 375,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To purchase equipment and supplies and for working capital and other corporate purposes. **Office**—Salt Lake City, Utah. **Underwriter**—Amos Treat & Co., Inc., of New York.

Uranium Corp. of America, Portland, Ore.
April 30 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

Utah Minerals Co.
April 11 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—305 Main St., Park City, Utah. **Underwriter**—Walter Sondrup & Co., Salt Lake City, Utah.

★ **Virginia Electric & Power Co. (6/10)**
May 6 filed $25,000,000 of first and refunding mortgage bonds, series O, due June 1, 1983. **Proceeds**—For construction expenditures or to reimburse the treasury thereof. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; 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.

Continued on page 50

Continued from page 49

● **Walker-Scott Corp., San Diego, Calif. (5/19-22)**
April 28 filed $900,000 of 6% subordinated sinking fund debentures due 1973, with warrants, and 40,000 shares of common stock (par $1), of which the company proposes to offer $400,000 of the debentures (with warrants) in exchange for its presently outstanding 4,000 shares of 7% preferred stock at the rate of $100 of debentures for each share of preferred. **Price**—At par for debentures; and for stock to be supplied by amendment. **Proceeds**—Together with other funds, to repay an insurance loan, and for working capital, etc. **Underwriter** — Eastman Dillon, Union Securities & Co., New York, N. Y., and San Diego, Calif.

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 Electric Co., Inc.
April 17 (letter of notification) 2,853 shares of common stock (no par) being offered to minority stockholders at rate of one new share for each 10 shares held as of April 8, 1958; rights to expire on May 29. **Price** — $50 per share. **Proceeds**—For plant improvement, expansion and general corporate purposes. **Office**—195 Broadway, New York 7, N. Y. **Underwriter**—None.

Westland Oil Co., Minot, N. Dak.
April 17 filed 7,799 shares of capital stock to be offered for subscription by stockholders of record March 24 at rate of one new share for each four shares held and one additional share for the balance of such holdings in excess of the number of shares divisible by four; also to be offered holders of outstanding 5% subordinated debentures of record March 24 at rate of five shares for each $1,000 of debentures then held. **Price** — $60 per share. **Proceeds**—For working capital. **Underwriter**—None.

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.

● **Wisconsin Power & Light Co. (5/12-13)**
April 23 filed 30,000 shares of cumulative preferred stock (par $100) to be offered for subscription by preferred stockholders of record May 5, 1958, and by company employees; rights to expire on May 27. Warrants are expected to be mailed on May 10. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Smith, Barney & Co. New York; and Robert W. Baird & Co., Milwaukee, Wis.

● **Wisconsin Power & Light Co. (5/12-13)**
April 23 filed 241,211 shares of common stock (par $10) to be offered for subscription by common stockholders of record May 5, 1958 at rate of one new share for each 12 shares held; rights to expire on May 27. Warrants are expected to be mailed on May 10. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters** — Smith, Barney & Co., New York; and Robert W. Baird & Co., Milwaukee, Wis.

Prospective Offerings

Acme Steel Co.
March 21 it was announced that the company plans additional financing this year, in the form of common stock, preferred stock, or a combination of the two, including bank loans. **Proceeds**—For expansion program, working capital and inventories. **Underwriters**—Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith.

★ **African Federation of Rhodesia and Nyasaland**
May 6 it was reported that a public offering is expected this year of an issue of bonds, to be concurrent with a loan from the International Bank for Reconstruction and Development ("World Bank"). The total credit is expected to be approximately $25,000,000, with half coming from the "World Bank" and the rest from the public offering. **Proceeds**—Largely for railroad development. **Underwriter**—Dillon, Read & Co. Inc., New York.

Alco Products Inc.
March 6 it was announced that the company is considering plans for long-term refinancing. **Proceeds**—For payment of all notes payable and provide the company with additional working capital. **Underwriter**—Eastman Dillon, Union Securities & Co. may handle any common stock financing.

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.

★ **Atlanta Gas Light Co.**
The directors on May 5 authorized the offering of 121,317 shares of common stock (par $10) to stockholders on the basis of one new share for each eight shares held. **Price** — To be named later. **Proceeds** — To repay bank loans and for construction program. **Underwriter** — Shields & Co., New York, N. Y. **Offering**—Expected to be made in July.

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 Illinois Light Co. (6/24)
April 21 it was reported that the company plans sale of $6,000,000 first mortgage bonds due 1988. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Smith and Stone & Webster & Co. (jointly). **Bids**—Expected to be received on June 24.

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.

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.**
May 6 the company offered its common stockholders of record May 1, 1958 the right to subscribe on or before May 21 for 270,416 additional shares of common stock (par $2.50) at the rate of one new share for each five shares held. **Price** — $14.50 per share. **Proceeds** — For working capital and general corporate purposes. **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. (6/17)
April 23 it was announced company plans to issue and sell $25,000,000 of first mortgage and collateral trust bonds due 1988. **Proceeds**—To refund $15,000,000 of 5% bonds due 1987 and 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). **Bids**—Expected to be received up to 11:30 a.m. (EDT) on June 17.

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. (7/2)**
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 up to 11:30 a.m. (EDT) on July 2.

Gas Service Co.
March 24 it was reported that company plans to issue $11,000,000 of 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 and for construction program. **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.

General Acceptance Corp.
April 22 it was reported that the stockholders will vote May 21 on approving the creation of 1,000,000 shares of preferred stock (no par), of which 80,000 shares are to be 60-cent series. **Underwriter**—Paine, Webber, Jackson & Curtis.

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.

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. Private sale of 30,000 shares ($3,000,000) of preferred is planned.

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.

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.

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.

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.

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.

● **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 England Telephone & Telegraph Co. (6/16)
April 11 it was announced company plans to offer to its stockholders about June 16 the right to subscribe for 735,245 additional shares of common stock on the basis of one new share for each five shares held. American Telephone & Telegraph Co. owns about 70% of the outstanding shares. **Price**—At par ($100 per share). **Proceeds**—To repay advances from parent and for corporate purposes. **Underwriter**—None.

New England Telephone & Telegraph Co. (8/26)
April 11 it was announced company plans to issue and sell $40,000,000 of debentures. **Proceeds**—To redeem a like amount of 4½% bonds due 1961. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. **Bids** — Expected to be received on Aug. 26.

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. (7/9)**
May 1 it was announced company plans 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.) This is in addition to the $70,000,000 bonds registered on May 2 with the SEC. **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 to be received on or about July 9.

● **Niagara Mohawk Power Corp. (6/11)**
May 6, Earle J. Machold, President, announced company plans to issue and sell $50,000,000 of 30-year general mortgage bonds. **Proceeds** — For current construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be opened on June 11.

Northern Illinois Gas Co.
April 14 it was reported that the company is planning to issue and sell $20,000,000 to $25,000,000 of mortgage bonds late this summer or early Fall. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Blyth & Co., Inc.

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.) (7/8)
April 28 it was reported that the company may be considering the issue and sale of $30,000,000 of first mortgage bonds due 1988. **Proceeds**—To refund $18,000,000 of 5% bonds and for construction program. **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). **Bids**—Expected to be received up to 11 a.m. (EDT) on July 8.

Oklahoma Gas & Electric Co. (6/16)
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 16.

Owens-Illinois Glass Co.
April 28 it was announced company plans to issue and sell $50,000,000 of long-term debentures. **Underwriters**—Lazard Freres & Co. and Goldman, Sachs & Co., both of New York. **Registration**—Expected in near future.

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 Power & Light Co. (6/24)
April 14 it was reported that the company is planning to sell $20,000,000 of bonds due 1988. **Proceeds**—For new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Bear, Stearns & Co., and Salomon Brothers & Hutzler (jointly). **Bids**—Expected to be received on June 24.

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.

St. Joseph Light & Power Co.
April 15 it was announced that the company plans to market $6,500,000 in bonds or preferred stock "sometime this summer." The stockholders on May 21 will vote on authorizing an increase in bonded indebtedness of $6,500,000, and an increase in preferred stock from 25,000 shares to 50,000 shares. **Proceeds** — For repayment of short-term bank loans and for construction program. **Underwriter**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co., Glore, Forgan & Co. and Blair & Co. Inc. (jointly); White, Weld & Co.; Equitable Securities Corp. Last preferred financing was done privately.

South Carolina Electric & Gas Co.
April 7 it was announced by the company that it plans to sell some additional bonds during the latter part of the year. **Proceeds** — Together with bank loans, to be used for $16,000,000 construction program. Bonds may be placed privately through Kidder, Peabody & Co.

Southern Colorado Power Co.
April 21 it was reported stockholders will vote May 9 on creating an additional 100,000 shares of preferred stock (par $50). **Underwriters**—Stone & Webster Securities Corp. and Paine, Webber, Jackson & Curtis.

Southern Natural Gas Co.
April 4 it was announced by the company that it contemplates interim financing by bank loans and permanent financing by the sale of first mortgage bonds and debentures (probably between $20,000,000 to $25,000,000). **Proceeds**—For new construction costing about $105,000,000. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly).

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).

Southern Union Gas Co.
April 28 it was reported that the company plans registration late in May of 30,000 shares ($3,000,000) of preferred stock. **Underwriters**—Snow, Sweeney & Co., Inc., New York, and A. C. Allyn & Co., Inc., Chicago, Ill. **Offering**—Expected in June.

★ **Standard Oil Co. of California**
May 6 it was announced by R. G. Follis, Chairman of the board, that it is planned to issue $150,000,000 of long-term debentures. **Proceeds**—To refinance a bank obligation of $50,000,000 due this year to provide additional capital for the company's overall program. **Underwriters**—Blyth & Co., Inc., and Dean Witter & Co., both of San Francisco, Calif., and New York, N. Y. **Offering**—Expected in June.

Tuttle Engineering, Inc., Arcadia, Calif.
Feb. 10, Leo L. Strecker, President, announced corporation plans issue and sale in near future of $1,000,000 convertible debentures or preferred stock, to be followed later in 1958 by the sale of about $5,000,000 of common stock. **Proceeds**—For working capital and other corporate purposes.

Union Electric Co., St. Louis, Mo.
March 28 it was announced company plans to market about $30,000,000 of common stock in the latter part of this year or in the first quarter of 1959. **Proceeds**—For construction program.

★ **United Gas Corp. (6/25)**
May 5 it was reported that this corporation plans the sale of $40,000,000 of sinking fund debentures due 1978. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp., Harriman Ripley & Co. Inc., and Goldman Sachs & Co. (jointly); White, Weld & Co., Morgan Stanley & Co. and Equitable Securities Corp. (jointly). **Bids**—Expected to be received on June 25 at Room 2033, Two Rector St., New York 6, N. Y.

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.

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 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.

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)	May 11	§50.0	*47.8	48.5	86.7
Equivalent to—					
Steel ingots and castings (net tons)	May 11	§1,350,000	*1,289,000	1,308,000	2,220,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	April 25	6,288,385	6,250,535	6,264,135	7,536,665
Crude runs to stills—daily average (bbls.)	April 25	†6,984,000	7,051,000	7,038,000	7,634,000
Gasoline output (bbls.)	April 25	24,440,000	24,531,000	25,427,000	26,211,000
Kerosene output (bbls.)	April 25	2,090,000	1,918,000	2,226,000	1,648,000
Distillate fuel oil output (bbls.)	April 25	10,943,000	10,901,000	11,363,000	12,352,000
Residual fuel oil output (bbls.)	April 25	6,355,000	6,495,000	6,984,000	8,339,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	April 25	207,147,000	211,030,000	216,647,000	200,222,000
Kerosene (bbls.) at	April 25	18,287,000	17,537,000	17,222,000	20,163,000
Distillate fuel oil (bbls.) at	April 25	74,743,000	73,060,000	75,125,000	74,898,000
Residual fuel oil (bbls.) at	April 25	57,600,000	56,794,000	55,165,000	36,800,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	April 26	533,724	534,475	532,172	690,789
Revenue freight received from connections (no. of cars)	April 26	494,183	493,515	510,699	593,427
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	May 1	$485,610,000	$325,733,000	$598,495,000	$476,032,000
Private construction	May 1	228,856,000	113,512,000	385,189,000	173,545,000
Public construction	May 1	256,754,000	212,221,000	213,306,000	302,487,000
State and municipal	May 1	182,339,000	165,987,000	158,328,000	136,221,000
Federal	May 1	74,415,000	46,234,000	54,978,000	166,266,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	April 26	6,800,000	*7,080,000	7,290,000	9,973,000
Pennsylvania anthracite (tons)	April 26	355,000	390,000	336,000	489,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	April 26	136	*125	*122	*131
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 3	11,251,000	11,206,000	11,326,000	11,286,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	May 1	336	329	352	297
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	April 29	5.967c	5.967c	5.967c	5.670c
Pig iron (per gross ton)	April 29	$66.49	$66.49	$66.49	$64.56
Scrap steel (per gross ton)	April 29	$31.50	$31.83	$34.00	$42.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	April 30	24.275c	23.975c	24.500c	31.450c
Export refinery at	April 30	21.925c	21.450c	21.575c	29.475c
Lead (New York) at	April 30	12.000c	12.000c	13.000c	16.000c
Lead (St. Louis) at	April 30	11.800c	11.800c	12.800c	15.800c
‡Zinc (delivered) at	April 30	10.500c	10.500c	10.500c	14.000c
Zinc (East St. Louis) at	April 30	10.000c	10.000c	10.000c	13.500c
Aluminum (primary pig. 99%) at	April 30	24.000c	24.000c	26.000c	25.000c
Straits tin (New York) at	April 30	93.750c	93.000c	93.250c	98.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 6	95.90	96.29	96.25	90.06
Average corporate	May 6	96.23	96.23	95.62	96.07
Aaa	May 6	102.96	103.30	101.80	100.65
Aa	May 6	99.84	100.00	99.52	98.88
A	May 6	95.92	96.23	95.77	96.54
Baa	May 6	87.18	86.65	86.38	89.09
Railroad Group	May 6	91.77	91.77	91.19	94.56
Public Utilities Group	May 6	97.94	98.09	97.47	96.54
Industrials Group	May 6	99.04	99.20	98.25	97.16
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 6	2.85	2.82	2.82	3.33
Average corporate	May 6	3.99	3.99	4.03	4.00
Aaa	May 6	3.57	3.55	3.64	3.71
Aa	May 6	3.76	3.75	3.78	3.82
A	May 6	4.01	3.99	4.02	3.97
Baa	May 6	4.62	4.66	4.68	4.48
Railroad Group	May 6	4.29	4.29	4.33	4.10
Public Utilities Group	May 6	3.88	3.87	3.91	3.97
Industrials Group	May 6	3.81	3.80	3.86	3.93
MOODY'S COMMODITY INDEX	May 6	393.4	389.3	396.0	408.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	April 26	224,405	230,130	259,355	235,168
Production (tons)	April 26	236,328	263,614	268,648	248,935
Percentage of activity	April 26	81	87	86	86
Unfilled orders (tons) at end of period	April 26	326,592	336,737	351,889	388,939
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	May 2	110.10	109.99	109.98	**110.97
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	April 12	1,331,070	1,009,950	1,611,960	1,593,190
Short sales	April 12	282,350	210,960	305,860	248,880
Other sales	April 12	1,041,090	886,960	1,316,020	1,310,860
Total sales	April 12	1,323,440	1,097,920	1,621,880	1,559,740
Other transactions initiated on the floor—					
Total purchases	April 12	371,920	241,250	466,240	423,610
Short sales	April 12	44,400	22,850	45,830	44,700
Other sales	April 12	284,800	298,250	376,270	414,560
Total sales	April 12	329,200	321,100	422,100	459,260
Other transactions initiated off the floor—					
Total purchases	April 12	452,840	348,350	501,260	751,450
Short sales	April 12	75,890	56,600	128,200	125,100
Other sales	April 12	399,000	325,255	525,620	779,319
Total sales	April 12	474,890	381,855	653,820	904,419
Total round-lot transactions for account of members—					
Total purchases	April 12	2,155,830	1,599,550	2,579,460	2,768,250
Short sales	April 12	402,640	290,410	479,890	418,680
Other sales	April 12	1,724,890	1,510,465	2,217,910	2,504,739
Total sales	April 12	2,127,530	1,800,875	2,697,800	2,923,419
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	April 12	1,204,165	1,055,385	1,207,693	1,317,169
Dollar value	April 12	$51,875,453	$45,075,900	$52,854,251	$63,741,054
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	April 12	973,134	811,646	1,053,547	1,161,536
Customers' short sales	April 12	20,689	17,893	20,284	11,944
Customers' other sales	April 12	952,445	793,753	1,033,263	1,149,592
Dollar value	April 12	$41,200,471	$35,334,040	$45,271,622	$54,884,002
Round-lot sales by dealers—					
Number of shares—Total sales	April 12	234,750	207,870	297,070	300,220
Short sales	April 12				
Other sales	April 12	234,750	207,870	297,070	300,220
Round-lot purchases by dealers—					
Number of shares	April 12	501,380	424,410	447,470	477,290
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	April 12	761,590	552,490	794,480	574,240
Other sales	April 12	10,032,850	8,488,750	11,717,540	12,230,160
Total sales	April 12	10,794,440	9,041,240	12,512,020	12,804,400
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	April 29	119.3	119.4	119.6	117.1
Farm products	April 29	97.2	97.5	98.7	89.4
Processed foods	April 29	111.5	*111.4	110.5	104.3
Meats	April 29	110.8	110.7	108.4	87.1
All commodities other than farm and foods	April 29	125.7	125.7	125.9	125.7

*Revised figure. †Includes 784,000 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. **Corrected figure.

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—For month of February:			
Total gas sales (M therms)	8,749,300	8,798,800	8,260,000
Natural gas sales (M therms)	8,409,400	8,483,300	7,967,200
Manufactured gas sales (M therms)	27,400	25,300	28,200
Mixed gas sales (M therms)	312,500	290,200	264,600
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of March	6,254,000	*5,782,323	10,589,074
Shipments of steel products (net tons)—Month of February	4,262,935	5,215,417	7,066,732
AMERICAN RAILWAY CAR INSTITUTE—Month of March:			
Orders for new freight cars	239	294	3,349
New freight cars delivered	5,906	5,316	9,772
Backlog of cars on order and undelivered (end of month)	38,027	43,750	107,708
AMERICAN ZINC INSTITUTE, INC.—Month of March:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	72,274	68,354	96,924
Shipments (tons of 2,000 pounds)	57,822	59,511	94,607
Stocks at end of period (tons)	203,641	189,189	89,357
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of March (in millions):			
Total new construction	$3,355	$3,105	$3,295
Private construction	2,400	2,251	2,405
Residential buildings (nonfarm)	1,168	1,057	1,162
New dwelling units	870	790	870
Additions and alterations	250	219	258
Nonhousekeeping	48	48	34
Nonresidential buildings	664	675	709
Industrial	218	231	269
Commercial	258	254	264
Office buildings and warehouses	156	155	133
Stores, restaurants, and garages	102	99	131
Other nonresidential buildings	188	190	176
Religious	61	64	63
Educational	40	40	40
Hospital and institutional	47	47	36
Social and recreational	26	25	23
Miscellaneous	14	14	14
Farm construction	114	105	112
Public utilities	443	404	409
Railroad	29	28	35
Telephone and telegraph	71	71	94
Other public utilities	343	305	280
All other private	11	10	13
Public construction	955	854	890
Residential buildings	63	58	30
Nonresidential buildings	343	308	345
Industrial	29	28	41
Educational	221	201	215
Hospital and institutional	28	22	27
Administrative and service	32	27	32
Other nonresidential buildings	33	30	30
Military facilities	70	70	84
Highways	270	240	230
Sewer and water systems	105	91	105
Sewer	62	54	59
Water	43	37	46
Public service enterprises	28	23	26
Conservation and development	68	58	61
All other public	8	6	9
COAL EXPORTS (BUREAU OF MINES)—Month of February:			
U. S. exports of Pennsylvania anthracite (net tons)	199,735	225,193	305,466
To North and Central America (net tons)	129,658	92,434	104,382
To Europe (net tons)	63,310	126,426	195,974
To Asia (net tons)	6,157	5,495	5,110
To South America (net tons)	10	18	
Undesignated	600	820	
COPPER INSTITUTE—For month of March:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	98,492	*93,352	106,718
Refined (tons of 2,000 pounds)	130,075	128,299	143,961
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	78,462	93,784	113,571
Refined copper stocks at end of period (tons of 2,000 pounds)	238,641	201,223	140,191
COTTON AND LINTERS—DEPT. OF COMMERCE — RUNNING BALES:			
Consumed month of March	632,022	639,635	690,316
In consuming establishment as of March 29	1,746,865	1,751,748	1,654,848
In public storage as of March 29	10,516,327	11,546,750	13,093,554
Linters—Consumed month of March	88,716	90,698	117,976
Stocks March 29	954,015	931,432	987,874
Cotton spindles active as of March 29	17,682,000	17,945,000	18,457,000
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average = 100—Month of January:			
Adjusted for seasonal variation	130	124	137
Without seasonal adjustment	115	95	114
INTERSTATE COMMERCE COMMISSION:			
Index of Railway Employment at middle of March (1947-49 = 100)	65.7	66.9	77.2
PORTLAND CEMENT (BUREAU OF MINES)—Month of February:			
Production (barrels)	14,144,000	18,488,000	17,827,000
Shipments from mills (barrels)	10,944,000	13,618,000	15,106,000
Stocks (at end of month—barrels)	36,392,000	*33,306,000	32,382,000
Capacity used (per cent)	50	59	66
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of February:			
Total operating revenues	$692,782,401	$779,480,991	$815,996,715
Total operating expenses	599,436,253	650,969,027	643,662,079
Taxes	$60,447,833	$73,420,179	$84,456,628
Net railway operating income before charges	8,897,266	31,736,334	65,835,148
Net income after charges (estimated)	‡9,000,000	17,000,000	48,000,000
RUBBER MANUFACTURERS ASSOCIATION INC.—Month of February:			
Passenger Tires (Number of)—			
Shipments	5,832,701	7,264,236	7,538,173
Production	6,319,968	6,740,163	8,048,662
Inventory	19,819,951	19,298,551	17,378,551
Truck and Bus Tires (Number of)—			
Shipments	904,038	1,007,180	1,000,631
Production	893,784	1,073,926	1,120,758
Inventory	3,572,372	3,470,460	3,629,918
Tractor-Implement Tires (Number of)—			
Shipments	310,407	341,838	287,908
Production	283,170	275,693	292,135
Inventory	760,923	785,287	787,334
Passenger, Motorcycle, Truck and Bus Inner Tubes (Number of)—			
Shipments	3,412,086	4,308,703	3,291,161
Production	3,443,870	3,343,650	3,361,557
Inventory	6,866,339	6,699,558	5,959,580
Tread Rubber (Camelback)—			
Shipments (pounds)	30,135,000	*34,280,000	28,902,000
Production (pounds)	32,176,000	*34,173,000	30,545,000
Inventory (pounds)	26,670,000	*24,117,000	31,047,000

*Revised. ‡Deficit.

Continued from page 5

Procedures in Underwriting And Selling Corporate Bonds

your group's price spreads around the "Street" like wild fire.

Because some accounts, particularly on an issue of large amount, consist of many members it is not always practicable to allow each and every member to participate in the discussions at the Final Price Meeting.

Price Committee

In such cases, the determination of the final bid, etc., is vested in a so-called Price Committee which consists of firms having participations down to a certain minimum amount as pre-established by the Manager. It has become a fairly general custom to permit account members not on the Price Committee also to attend the Final Price Meeting if they wish. Such members do not partake in the discussions but each of them present is given the opportunity to declare whether or not he wishes to withdraw from the account if he does not wish to commit at the price decided upon by the Price Committee. If an account member finds it inconvenient or impossible to attend the Final Price Meeting such member may exercise the prerogative of filing with the Manager a price limit. This must be done by a certain designated hour in advance of the Final Price Meeting and indicates the maximum price which the account member is willing to bid for the bonds and that at any higher bid such member no longer has a commitment to participate in the bid.

Prior to the Final Price Meeting there is a meeting of the same key personnel of the Manager. At this meeting the reports of institutional interest in the bonds are again reviewed and individual price views expressed. At the conclusion of this meeting decision is made as to what the Manager will recommend to the Price Committee as a bid and offering price and what maximum commitment or participation the Manager is willing to take on this basis.

Reaching Final Agreement

At the Final Price Meeting the Manager reviews the interest in the issue and then gives its price recommendations to the Price Committee. Each member of the Committee is polled to determine the extent to which the Committee members are willing to make the bid suggested.

Usually some are willing and some are not and perhaps certain of those who want to make the bid also will desire to absorb some of the slack (participations of those firms which indicate they will withdraw from the account at the price level suggested). If it is found not feasible to achieve a bid at the level first recommended by the Manager, attempts are made at different prices until agreement on a bid is obtained. While the Manager makes the initial recommendation to the Price Committee, in some instances, other members of the Price Committee may hold generally higher views than those expressed initially by the Manager and thus a bid higher than the Manager recommended is achieved. After determining the bid the Price Committee also decides the proposed price at which the bonds will be offered initially, the discounts to be allowed to dealers and the percentage of each Underwriter's participation which he will retain for his own retail sales.

At the conclusion of the Final Price Meeting the Manager must quickly complete the necessary paper work in connection with executing the bid form and see that the bid is submitted in proper form at the place and by the time designated for the opening of the bids. We follow the practice of having one or more members of our Buying Department at the place of sale to receive by telephone the bid and the final changes in the membership of the account.

Promptly at the bid hour the Syndicate Department exchanges bids with the Managers of the competing groups, the identity of which we almost invariably know in advance. From this point on our story is of interest only if we are the high bidder.

Naturally, each and every member of the winning group is immediately concerned with finding customers for his bonds.

Composition of the "Pot"

The Manager, in addition to his own retail sales through his Syndicate Department has to take care of group and Selected Dealer sales out of the so-called "pot." This comprises that percentage of the underwriters' participations which are not retained for retail sales. The practice currently most prevalent is for the Manager to retain 20% of the issue in the "pot" so that the individual Underwriters have 80% of their respective participations for their own retail sales. This ratio is sometimes varied. Withdrawals from the "pot" fall into three categories: (1) Sales to certain large institutions at full list price for the account of the entire group; (2) Sales to Selected Dealers at the Dealer Concession and (3) Takedowns by individual Underwriters in excess of the percentage they originally retained for retail.

A few days after the Initial Public Offering there is the so-called "closing" where payment for and delivery of the bonds are made. This is attended by representatives of the Manager, the Issuer and the Trustee. After that, the Manager redelivers the bonds to Underwriters and to the dealers and institutions which made purchases from the account.

Event of Tie Bids

Some may wonder what happens in the event of tie bids. I recall being involved in two such instances. One occurred in 1946 when groups headed by Kidder, Peabody & Co. and Halsey, Stuart & Co. Inc., respectively, each bid 103.65 for an issue of $16,000,000 principal amount of California Electric Power Company bonds bearing a 3% coupon. In this case the tie groups were given a period of two hours in which to improve their bids if they so elected. It so happened that the Kidder group decided not to change its bid whereas our group raised its bid to 103.7199 and won the issue.

The other case occurred on Sept. 19, 1956, and involved an issue of $35,000,000 First Mortgage Bonds of Southern Pacific RR Co. This sale was at a time when the bond market had been progressively declining and, in addition, railroad bonds as a class were not in popular favor. In fact, there had been no offerings of new railroad mortgage bond issues in a number of months. It was small wonder that prospective underwriters contemplated this issue with considerable trepidation. There were two competing bidding groups, one headed by Kuhn, Loeb and Co. and the other by Halsey, Stuart & Co. Inc. The Halsey account had decided upon a bid of 98.26 for a 5¼% coupon when just before our account meeting disbanded one of the members indicated that he felt uneasy about the bid and suggested that we raise it slightly. I happened to be presiding at that meeting and replied that we could raise the bid provided every member remaining in the account were willing to do so since the time was then too short to make any changes in the composition of the account (at this point it was only ten minutes before the bid hour). A quick show of hands indicated that no one would drop out if we raised the bid to 98.31. This was done and at 12 Noon when we exchanged bids with Kuhn, Loeb we found that their account had also bid 98.31 for the same coupon.

Within a few minutes we had a phone call from one of the Kuhn, Loeb partners who suggested that we divide the bonds equally between the two groups. We indicated a willingness to this **provided** our account members and the Southern Pacific were agreeable. after a few phone calls the Southern Pacific said it had been advised by its counsel that it should insist upon adherence to the procedure provided in the Invitation for Bids in the event of a tie.

This meant that each account was given a period of two hours in which to submit a new bid. Accordingly we reconvened the meeting of our Account and Kuhn, Loeb did likewise. In the interim the proposed offering price of par had already become known. A recanvass of the market indicated that there was such a strong demand for the bonds at this price that the issue was almost an assured sellout, whereas before the bidding there was considerable skepticism as to how the issue would sell and the prospective underwriters wanted a good spread to compensate them for the risk they thought they were taking. However, with a prompt sale in prospect the members were willing to shorten the spread considerably. Thus when the bids were re-submitted at 2 p.m. the Halsey bid was 99.3811 and the Kuhn, Loeb bid 99.1111.

Extra Digits in a Bid

The extra digits at the end of a bid may perplex some people. Basically the way a bid is arrived at is for the Group to decide on a proposed list price and deducting therefrom an underwriting spread for which it is willing to work. Any extra digits beyond this such as two or more nines are usually the result of some one's whim but sometimes lead to startling results. We once won an issue of $50 million Public Service Electric and Gas Co. bonds by the margin of one mill per $1,000 bonds. In other words the margin was $50 on a $50 million issue. Such things are sheer luck.

Before I conclude, I should like to say that I think the Securities business today offers great opportunities to those who are now coming into it. Because of the Depression Period of the 'Thirties, World War II and changes which took place in the character of the Underwriting business there was an extended period when Wall Street attracted few recruits.

The result is that today we have in our business a disproportionate number of men who are over 50 and too few who are in the 30 to 45 year bracket. In effect we have lost a generation. This means that the younger men should be in a position to inherit something worthwhile within a relatively short period.

Continued from page 7

The Role of American Business And the Sources of Our Strength

levelling off in the rate of growth.

It is significant also that the total output of goods and services this year is likely to come close to that of last year, which was the biggest in history.

The monthly rate of government defense contract commitments for the first six months of 1958 is scheduled at double the rate of the last six months of 1957. It is going from about one-billion a month to two billion a month or a 100% increase. As the contracts are placed, there should be an immediate stimulus to production and employment.

Again, we have already had a very susbstantial reduction in business inventory. In the first quarter of 1958 alone there was a $6 billion reduction in business inventories. If proper and effective action is taken by industry and government, we can expect to see a new rise in production and employment later on this year to rebuild depleted inventories.

Finally, the government has acted to remove the credit restrictions that it imposed last year to slow inflation. It has also taken measures to increase credit for consumers and businessmen alike and to make more money available for residential housing — a move that should be strongly encouraging to the economy. Every day moves are being made by Congress and the Administration to strengthen the economy.

Our Main Problem

The main problem before us now is to block the downward pressures resulting from past corrections in the economy and to stimulate a resurgence of confidence on the part of the consumer.

One most significant and encouraging fact is that the government unquestionably has the power to stop a decline in its tracks. The most obvious source of that power lies in the government's ability to control the rates and levels of tax collection. I believe that tax cuts alone could do the specific job of turning the economy around. This, of course, is strong medicine. This is a well to which we dare not go casually. If such measures are taken without an effective effort to limit the wage-cost-price inflation, the result could be a strong new inflationary spiral.

Whatever steps the government may take to stimulate a reasonable, and reasonably early, recovery, whether by tax relief, public works, fiscal actions, or a combination of the three, a second step will be required — a step in which all of us in business and industry are involved.

We are all aware that a critical factor in our economy is psychology. Because we have graduated from a "need" economy into a "want" economy, and because, therefore, most consumer actions are optional rather than mandatory, we are peculiarly sensitive to mass psychology.

Business Must Act

While effective action is being taken to restore the patient to full economic health, it's up to us in business to convince him of the optimistic prospects for continued growth in the economy and in American living standards. Having done this, we must then show him that the present is a good time to buy and to improve his own standard of living.

We've got to sell ourselves and our customers a reasoned and mature conviction as to the underlying health of the economy and the factors irresistably taking us toward a richer, better, brighter future — almost, it sometimes seems, in spite of ourselves.

But we must do more than just talk. We must make sure that each of us does all he can in his own sphere to deserve and to earn the kind of future that dangles temptingly before us.

Let me give you one example of the kind of thing that can be done.

Recently in Cleveland the automobile dealers, the Chamber of Commerce and the local newspapers tried an experiment. They observed that one reason people were buying fewer automobiles was because of what they had been reading and hearing, they had lost confidence in the economy.

Therefore, new and used car dealers of all makes united in a week-long promotion, supported by newspaper, radio and TV stories and editorials emphasizing the long-range sources of strength in our economy, and specifically in the Cleveland area.

Salesmen began calling on customers they hadn't seen in years. No stone was left unturned in the community effort to encourage people to buy new cars. The result: In the fourth week of February more new cars were sold than in the preceding three weeks combined. Moreover, the momentum carried over into March. Total sales in March for the Cleveland area surpassed those for February.

The real payoff for this program remains to be counted, since some 150 or more cities throughout the country have embarked on or completed programs of their own. One effect of these car-sales weeks has been to stimulate local confidence in business in general, to the end that all other merchants are also benefiting. I am happy to learn that such a program is being developed for Louisville, and I'm sure that the benefits will be substantial.

We at Ford Motor Company are genuinely optimistic about the prospects for our company and for the economy. We believe it is our responsibility and the responsibility of all businessmen, to act according to our honest convictions, and to give proof in deeds as well as words of our trust in the American future.

We cannot, of course, sit and wait for our markets to develop. We must plan and schedule our new models into production, looking as far into the future, and gauging the market as realistically as we can. We are doing that; we are acting. I can tell you that we are now approving or have approved product plans and related tooling programs for 1959, 1960, and 1961 model automobiles and trucks that will substantially surpass even the unheard-of new-model investments of recent years.

Foresees 10 Million Cars and Trucks

We are doing this in anticipation of a continuing healthy, though strongly competitive automobile market extending on through the mid-1960's. For those who fear over-expansion of industry, I would like to say that it is our firm opinion, based on careful forecasts, that between now and 1965 there will be peak years of automobile production amounting to upwards of 10-million cars and trucks. That is contrasted to a total production of 7,202,000 cars and trucks in 1957, and only 4,793,000 in 1947.

Obviously, to achieve that kind of sales volume, we are going to

Continued on page 54

Continued from page 53

The Role of American Business And the Sources of Our Strength

have to push ourselves to the limit. We are going to have to come up with important, even dramatic improvements in the automobile—and each year that becomes a little harder to do. We are going to have to do everything possible to cut manufacturing costs to the bone, so that we can give the customer an ever greater value for his dollar.

But the important fact is that the decisions we are making now reflect the depth of our conviction about America's future—the future of one, two, three and four years hence—and even longer.

That conviction rests on an evaluation of deep, built-in strengths and resources that have borne up our economy during the past decade and will push it ahead at an accelerating pace during the next one.

These deep and underlying strengths are known to all of us. But I think we need to keep bringing them out into the light, to examine and re-examine them, and keep them in front of our customers all the time.

What are the sources of our strength?

Sources of Strength

There is first of all our large and growing population—a people enjoying the highest standards of any people in history; a people bent on improving their standards and convinced that it can be done; a people with the know-how and the organizational ability to do the job; a people sparked by the creative drive of a free, competitive, profit-motivated economy; a people determined that its children shall live better, freer, richer lives.

This dynamic population is expanding at a rate that adds the equivalent of a State the size of your Kentucky every 12 months. That means, as we all know, an added demand for food, clothing, housing, schools, medical facilities, services and consumer goods—a demand we will be hard-pressed to meet.

Complementary to our population as a source of strength is our form of government. We tend to forget how fortunate we are in the form of government our forefathers were wise enough to provide. It offers us freedom, encourages self-expression, promotes competitiveness—in short, acts as a veritable dynamo in generating progress and growth. We busy ourselves with criticisms of particular governmental actions and political maneuverings without taking stock of the remarkable—in fact, wonderful—reality of our government—that it is truly a government of the people, by the people and for the people.

Another very real source of our strength is our abundance of natural resources. As long as our resources remain to sustain our economy—and we are far from being a have-not nation—we will be strong. I won't take the time to enumerate our material resources, and I am fully aware of the fact that we have to go beyond our boundaries for some of our requirements, but I am certain the existence of our vast store of natural resources is cause enough for confidence in the American future.

New technologies constitute another major source of our strength. New technologies in such fields as atomic energy, electronics and plastics are opening new vistas in chemistry, metallurgy, biology, medicine, and are pointing the way to countless new consumer products. Possibilities are being opened up to American industry far faster than it can absorb them. We are only beginning to realize the potentialities of these technologies. Science and technology are literally impelling us forward into the space age. And I am confident that the United States will not lag in the area of scientific development.

Another source of our strength might be said to be the versatile and resilient American economy—a tool highly responsive to the purpose and goals of the American people. This economy of ours, that we tend to take for granted, combines agility with stability to a remarkable degree. Since nobody has learned how to combine perfectly the virtues of the free market and the illusory stability of the controlled economy, a central problem of our economy has been one of keeping booms and declines within reasonable bounds. Economists in general believe that we now have the necessary built-in stabilizers to do the job. Those stabilizers are being tested at the present time.

They include, of course, various programs that underwrite the income of the average American family—social security, public and private unemployment compensation, and the large retirement funds of private industry. They include the strengthening of our financial machinery through the Federal Reserve System, Federal insurance of bank deposits, protection of investors through the SEC, and so on. They include, most importantly, the ability of government, through its direct and indirect controls over taxation, debt management, and supply of money and credit, to restrain excesses of inflation or deflation. These safeguards seem to eliminate any likelihood of a recurrence of the kind of economic collapse we had in the 1930's.

Nothing whatever has happened on the economic front to weaken any of these underlying sources of strength that almost command an optimistic view of the future.

We now have the added stimulus of a technological rivalry with the Soviet Union that is forcing us to move forward with a speed and urgency that even a short year ago would have seemed impractical, almost incredible.

Who among us can seriously doubt that all our industrial accomplishments of the past will be dwarfed in the years immediately ahead?

Looks 25-50 Years Ahead

One reason for the congenital optimism of automobile people is our awareness of the intimate participation of the automobile in the evolution of American life. We expect to share fully in the future growth of our country.

We are a nation of wide open spaces, of sprawling suburbs, of fast moving populations, closely interrelated in large measure by means of automotive transportation. In any major city today, commerce depends heavily on the automobile and truck. People travel substantial distances to their jobs. Retail and department stores in our own city of Detroit depend on customers within an area of 100 miles. The recognition of this fact has made inevitable a development of highways and fast expressways that take traffic into the heart of the city.

The pace of American economic progress is directly related to the growing pace and volume of road traffic. Try to look 25 to 50 years ahead. Does anyone doubt that the automobiles of those years will have progressed as far ahead of present cars as the present ones surpass Henry Ford's quadricycle? Obviously we will have a lot more traffic, moving at speeds unimagined today, and with remarkable safety and simplicity of operation.

The change will be a gradual one, however. All components of the automobile — tires, steering systems, safety features, electronic guidance systems and the rest—will develop year-by-year under the testing of the market place. In the process, the fiercely competitive automobile industry will continue to make great capital investments and to provide large-scale employment in its own industry and related industries such as steel, glass, aluminum, coal, rubber, oil, machine tools, chemicals and electronics.

But to get back to our efforts to improve our present position, I would like to mention that this, in my opinion, is a time of positive action on the part of business as well as government. This is a time for reaching to the bootstraps and pulling upward.

Why not take advantage of this time to make ourselves stronger —review our organizations, improve our products, intensify our marketing efforts, eliminate excess costs, raise our quality levels, and offer better service.

We are attempting to do these very things at Ford and we are heartened by the results we are already getting. We feel that the present situation is a real test of our management ability and salesmanship. We intend to take every advantage we can of the discipline imposed by today's market.

Business Decorum

I want to repeat that as effective counter-recession moves are taken by the government, we will still face a problem of consumer psychology. It's going to be largely up to us in business to breathe a sense of sober optimism into business actions. One way we can do it is to stop over-reacting to economic fluctuations. It would be most wholesome if we businessmen restrained our enthusiasm a little when business is on the upswing, and overstrained it a little on the downswing. Things are seldom either as good or as bad as we make them out to be. And the attitude of businessmen is highly infectious. We don't want to come out of this recession into a resurgence of economic loose-living and inflation.

I think the present time calls for restrained and reasonable confidence, backed up by more vigorous selling and advertising, and by a very strenuous attention to our forward planning. Anything less will disturb people. Anything more will strike them as false and misleading.

Outlines Actions Business Can Take

There are many things we can do today to improve business by taking actions which rely upon the sources of strength which we have discussed.

Business in general can continue to make the expansion and improvement of its plant necessary to meet the coming growth of consumer demand in the 1960's. It will be a lot cheaper to do it now on a systematic and rational basis than on a crash basis when the demand is once again straining the resources of our economy.

Business can intensify its scientific research and produce development to take fuller advantage of the new technologies.

Business can increase its rate of progress in improving its marketing, manufacturing efficiency and cost performance.

Business, finally, can think, talk and act in a spirit of sustained hope so that all of the people will be encouraged by its example.

These actions, coupled with the necessary actions by the government, can put us quickly back on the road to expansion and growth.

It's time to start looking at things and talking about things from a somewhat different viewpoint than has been prevalent in recent months.

In looking at the present situation, for example, you can view it in two different lights.

You can say that more than five-million people are unemployed. Or you can say that 98% of those employed a year ago still have their jobs.

You can say that the Gross National Product has slipped $10 billion below last year. Or you can say it is 98% as high as in the record year of 1957.

You can select certain segments of our economy and point with alarm. Or, you can say that this year's total retail sales — which includes automobiles—is about as high as a year ago.

In short, you can say the cup is partly empty, or that it is almost full.

In reaching the public mind, timing is of the essence. The timing is now propitious—perhaps more so than it will be again in the foreseeable future. The government is beginning to act vigorously to stop the recession. It is early spring, and Americans are out window-shopping. This has been the "winter of our discontent." Now, the sap is rising and the flowers are beginning to bloom once more. This is the time of reawakening.

I am certain that American business will take account of the sources of our strength — will through its positive actions and faith in the future generate the confidence we all need — confidence that tomorrow will be a better day because we have the will and the ability to make it that way.

Continued from page 6

Savings Banks Investments Under Today's Economic Conditions

rate of return again develop. By contrast, callable bonds will be redeemed before maturity only when the issuer can refund at lower cost.

Mortgages as a class offer savings banks a higher rate of return than do high-grade bonds, and provide a measure of portfolio mobility as well through the reinvestment of amortization receipts. Therefore, the question arises whether the ratio of mortgages to total earning assets will rise to the 75% level or higher. Such a ratio will be exceeded before very long by some banks if new funds are invested entirely in mortgage loans.

How Large Mortgage Portfolios?

We all recognize that investment policies should be based upon the objectives of the investor and the quality and yields of available investments, rather than tradition or habits of the past.

Once suitable liquidity has been provided through reasonable holdings of cash, deposits in banks and short-term United States Government issues, savings banks want to secure the highest yields available on quality investments. Only in this way can they pay attractive rates of return that will stimulate savings. Mortgages meet these requirements to a greater extent than other classes of investments under prevailing conditions.

Yet there is one basic consideration that will tend to limit the ratio of mortgages to earning assets even at the cost of some reduction in the overall yield. One elementary precaution of the prudent investor is to maintain a reasonable degree of diversification in his portfolio. In the interest of diversification most mutual savings banks are likely to hold mortgages within a maximum of 70-75% of earning assets and to favor Government bonds, high-grade corporate bonds and top quality equities in the investment of new funds when the ratio approaches this level.

Adequacy of surplus and reserve accounts will be, as always, an overriding determining factor which mutual savings banks will consider in choosing conventional mortgages and corporate bonds and stocks in preference to Government securities and Government underwritten mortgage loans for investment of new funds.

During the tight money period last year, corporate bond yields rose much more sharply than yields on Government bonds because of the record volume of new corporate bond offerings that came on the market. The current decline in corporate spending on plant and equipment and on inventories will reduce corporate bond financing this year. The volume of new offerings is still substantial, however, because many corporations are selling bonds to repay bank loans or to build up their liquidity. So long as new corporate bond financing continues fairly heavy, savings banks are likely to find that corporates provide the best alternative to mortgages.

Whenever the Treasury decides to offer new long-term bonds in substantial volume, however, so that Government bonds will provide yields close to those on top-grade corporates, Treasury issues will tend to become the more attractive outlet for savings bank funds because of their broader market and their non-risk asset status for bank investment.

The differential between triple-A corporate and long-term Government bond yields averaged 22 basis points during 1955, according to Moody's Investors Service. This differential widened to 42 basis points for 1957, and to 49 basis points on April 10 of this year. For the present, therefore, the market yield trend is in the direction of a yield spread in favor of high grade corporates.

Equity Investments

Although mutual savings banks can invest only a limited percentage of their resources in equities, preferred and common stocks have provided another means of raising average yields on portfolios.

Common stock prices are quite sensitive to corporate earnings and dividend changes. The recession inevitably produces a profits squeeze in many industries as sales fall, selling prices decline and high wage and other costs make it difficult to maintain profit margins. Hence, the stock market is more vulnerable than usual while the business downturn continues.

When we take the long-term view, however, as savings banks must, a recession offers an opportunity to acquire common stocks of companies in more cyclical industries at considerably lower prices than will prevail at other times. This is a good time to pursue a program of dollar cost averaging, spreading purchases of leading stocks with good earnings prospects over the next several years by investing the same dollar amount each month or quarter. In this way, purchases are not concentrated at any one time when the market may be relatively high, and a larger number of shares will be acquired when prices are low than when they are higher. Defensive issues like public utilities and the bank stocks that savings banks in Connecticut and Massachusetts can buy are not subject to the same kind of price risk, and can be bought with less concern over the timing hazard.

Conclusions

The current recession, because it is caused primarily by too rapid expansion of plant capacity and by excessive accumulations of durable goods by both business and consumers, is the most severe and prolonged since 1937-38. While it lasts, interest rates will be under downward pressure and savings banks will find investment outlets both less plentiful and offering lower yields.

The chief problem confronting savings banks under today's economic conditions is to sustain earnings by obtaining the best yields consistent with their high quality standards in investing new funds. Good amortizing mortgages are the most suitable medium for achieving this objective, since mortgage yields adjust more slowly than bond yields to the lower level of interest rates produced by the recession. Also, amortization receipts on mortgages provide a degree of mobility in savings bank portfolios, to enable them to take advantage of higher yields that will become available again when the recession has run its course and business activity turns upward.

To maintain a desirable measure of diversification in portfolios, however, many savings banks will not want their mortgage ratio to rise too high. A part of the new funds received will therefore be placed in United States Government and high-grade corporate bonds and in equities, even at some sacrifice in current yield.

$35 Million Montreal Debentures Offered To U. S. Investors

An underwriting syndicate jointly managed by Shields & Co.; Halsey, Stuart & Co. Inc.; Savard & Hart and Salomon Bros. & Hutzler made public offering on May 2 of $35,000,000 debentures. Of the total amount being offered, $10,500,000 are 2¾%, 3⅛%, 3¼%, 3⅜%; 3½%, 3¾% and 3⅞% 1958 serial debentures for public works, due May 1, 1959 to 1965, inclusive, and $24,500,000 are 4¾% sinking fund debentures for public works, due Nov. 1, 1978.

The serial debentures are priced to yield from 2.85% to 3.90%, according to maturity, and the sinking fund debentures are offered at 100% and accrued interest.

The sinking fund debentures will be subject to redemption at optional redemption prices beginning in 1968, ranging from 102% to par, plus accrued interest. The sinking fund debentures are also entitled to a sinking fund, commencing in 1959, calculated to retire approximately 93% of the issue prior to maturity, and will be subject to redemption at 100% of the principal amount, plus accrued interest.

The debentures will be direct and unconditional obligations of the city. Principal of and interest on the debentures are payable in United States dollars.

Montreal, located in the Province of Quebec, has the largest population of any city in Canada and occupies a leading position in the commercial, industrial and financial life of Canada. As estimated by the City Assessment Department of Montreal, population of the city as of April 30, 1957 was 1,380,000.

One William St. Fund Increases Offering To 7,000,000 Shares

The One William Street Fund, Inc. on May 1 announced that in response to strong public demand for its shares it has amended its registration statement with the SEC to increase its proposed initial public offering from 3,000,000 to 7,000,000 shares. Public offering price of the shares will be $12.50.

Lehman Brothers, managers of the underwriting group, announced that approximately 700 investment bankers and securities dealers have already indicated they will join the underwriting group. It appears, therefore, that the syndicate will be one the largest ever formed for the purpose of underwriting a new issue of common stock.

On the basis of the increased number of shares, it is indicated that The One William Street Fund, Inc. will start operations with assets of more than $115,000,000, substantially larger than the initial assets of any other mutual fund. The new fund's opening assets will include approximately $36,000,000 to be acquired in an exchange of the fund's shares, in addition to those sold in the underwriting, for assets of Aurora Corporation, a privately held investment company, for which Lehman Brothers serves as investment adviser.

Upon completion of the underwriting, on or about May 29, The One William Street Fund, Inc. will commence operations as a mutual fund, offering its shares continuously to the public. The fund, for which Lehman Brothers will serve as investment adviser, will seek growth of capital as well as reasonable current income.

Now Byrd & Company

SAN ANTONIO, Tex.—The firm name of Guthrie, Byrd & Co., Majestic Bldg., has been changed to Byrd & Co.

DIVIDEND NOTICES

DOME MINES LIMITED

April 28, 1958

DIVIDEND NO. 163

At a meeting of the Board of Directors of Dome Mines Limited, held this day, a quarterly dividend of Seventeen and One-half Cents (17½c) per share (in Canadian Funds) was declared payable on July 30, 1958, to shareholders of record at the close of business on June 30, 1958.

CLIFFORD W. MICHEL,
President and Treasurer.

THE DAYTON POWER AND LIGHT COMPANY

DAYTON, OHIO

143rd Common Dividend

The Board of Directors has declared a regular quarterly dividend of 60c per share on the Common Stock of the Company, payable on June 2, 1958 to stockholders of record at the close of business on May 14, 1958.

GEORGE SELLERS, Secretary

May 2, 1958

pf PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

A regular quarterly dividend of 60 cents per share on the common stock ($10 par value), payable June 2, 1958, to stockholders of record May 15, 1958, was declared by the Board of Directors on April 30, 1958.

B. C. REYNOLDS, Secretary

THE FLINTKOTE COMPANY

New York 20, N. Y.

QUARTERLY DIVIDENDS

have been declared as follows:

Common Stock*

sixty cents ($.60) per share

$4 Cumulative Preferred Stock

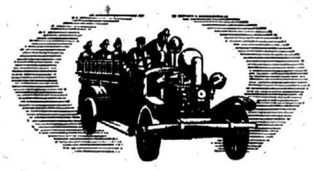
one dollar ($1) per share

Both dividends are payable June 16, 1958 to stockholders of record at the close of business May 22, 1958.

WILLIAM FEICK, JR.
Vice-President and Treasurer

May 7, 1958.

*119th consecutive dividend



NATIONAL UNION FIRE INSURANCE COMPANY

OF PITTSBURGH, PA.

146th DIVIDEND DECLARATION

The Board of Directors of this company today declared a cash dividend of Fifty Cents (50¢) a share on the capital stock. This cash dividend will be paid June 25, 1958 to stockholders of record at the close of business June 4, 1958.

A K Hatfield
Treasurer

May 6, 1958

DIVIDEND NOTICES

HOOD CHEMICAL CO., INC.

Dividend on Common Stock

The Board of Directors has declared a semi-annual dividend of 5 cents per share on the common stock, payable on May 29, 1958, to stockholders of record May 15, 1958.

NEIL A. MACDONALD,
Secretary-Treasurer

May 2, 1958

acf INDUSTRIES, INCORPORATED

Common Dividend No. 154

A dividend of 62½¢ per share on the common stock of this Corporation has been declared payable June 14, 1958, to stockholders of record at close of business May 28, 1958.

C. ALLAN FEE,
Vice President and Secretary

May 1, 1958

IBM

173RD CONSECUTIVE QUARTERLY DIVIDEND

The Board of Directors of International Business Machines Corporation has today declared a quarterly cash dividend of $.65 per share, payable June 10, 1958, to stockholders of record at the close of business on May 12, 1958.

C. V. BOULTON,
Treasurer

590 Madison Avenue
New York 22, N. Y.
April 29, 1958

IBM INTERNATIONAL BUSINESS MACHINES CORPORATION

DIVIDEND NOTICES

TITLE GUARANTEE and Trust Company

DIVIDEND NOTICE

Trustees of Title Guarantee and Trust Company have declared a dividend of 31¼ cents per share designated as the second regular quarter-annual dividend for 1958, payable May 23, 1958 to stockholders of record on May 9, 1958.

WILLIAM H. DEATLY • President

O'okiep Copper Company Limited

Dividend No. 46

The Board of Directors today declared a dividend of three shillings per share on the Ordinary Shares of the Company payable June 3, 1958.

The Directors authorized the distribution of the said dividend on June 13, 1958 to the holders of record at the close of business on June 6, 1958 of American shares issued under the terms of the Deposit Agreement dated June 24, 1946. The dividend will amount to approximately $.41 per share, subject, however, to any change which may occur in the rate of exchange for South Africa funds prior to June 3, 1958. Union of South Africa non-resident shareholders tax at the rate of 6.45% will be deducted.

By Order of the Board of Directors,
F. A. SCHECK, Secretary.

New York, New York, May 7, 1958.

Esso

STANDARD OIL COMPANY

(INCORPORATED IN NEW JERSEY)

The Board of Directors has declared a

Cash Dividend on the capital stock of 55 cents per share on May 1, 1958. This dividend is payable on June 10, 1958, to stockholders of record at the close of business on May 12, 1958.

30 Rockefeller Plaza, New York 20, N.Y.

SEABOARD FINANCE COMPANY

COMMON STOCK DIVIDEND

93rd Consecutive Quarterly Payment

The Board of Directors of Seaboard Finance Company declared a regular quarterly dividend of 25 cents a share on Common Stock, payable July 10, 1958 to stockholders of record June 19, 1958.

PREFERRED STOCK DIVIDEND

The directors also declared regular quarterly dividends of $1.18¾ on the $4.75 Sinking Fund Preferred Stock, $1.25 on the $5.00 Sinking Fund Preferred Stock, $1.25 on the $5.00 Convertible Preferred Stock, Series A and B, all payable July 10, 1958, to stockholders of record June 19, 1958.

EDWARD L. JOHNSON,
Secretary

April 24, 1958

The United Gas Improvement Company

DIVIDEND NOTICE

A quarterly dividend of 50c per share on the Common Stock, par value $13.50 per share, has been declared payable June 27, 1958 to stockholders of record May 29, 1958.

A quarterly dividend of $1.06¼ per share on the 4¼% Preferred Stock has been declared payable July 1, 1958 to stockholders of record May 29, 1958.

JOHNS HOPKINS, Treasurer

Philadelphia, May 5, 1958

DIVIDEND NOTICES

AMERICAN CEMENT CORPORATION

DIVIDEND NOTICE

The Board of Directors has this day declared a quarterly dividend of 25¢ per share on the Common Stock, payable July 1, 1958, to shareholders of record June 13, 1958.

J. H. ASMANN
Treasurer

May 7, 1958

BROWN COMPANY

BERLIN, N. H.

DIVERSIFIED FOREST PRODUCTS

Nibroc Towels, Bermico Pipe
Engineered Pulps and Papers
Veneer, Plywood, Lumber
Onco Innersoles for Shoes
Chemicals

A quarterly dividend of 15¢ per share on the Common Stock of this Company has been declared payable June 1, 1958, to stockholders of record at the close of business May 9, 1958.

S. W. SKOWBO
Senior Vice President and Treasurer

Cities Service COMPANY

Dividend Notice

The Board of Directors of Cities Service Company has declared a quarterly dividend of sixty cents ($.60) per share on its Common stock, payable June 9, 1958, to stockholders of record at the close of business May 16, 1958.

ERLE G. CHRISTIAN, Secretary

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—What General Motors does in its bargaining with the all-powerful United Auto Workers toward a new wage contract can very well be good, or bad, for the country. If, as already indicated, GM takes a firm stand, it will have a tremendous psychological impact on the United States, both economically and politically.

Perhaps the greatest beneficiary of some GM demands from the UAW, and then making them stick, would be thousands and thousands of little businesses all over the country. Many of them are having a tough time primarily because of high wages and high taxes. Thus, it is little wonder, despite wailing from Washington, that little businesses are having to merge every day rather than go bankrupt.

GM's Action Applauded

Announcement by General Motors that it was terminating its contract with the UAW, effective May 29, was favorably received in some quarters in Washington. In the past, invariably the unions have said their men would not work beyond the expiration of the contract. Judging by some of their comments, perhaps the whole conservative wing of Congress was pleased that GM took the initiative instead of letting politically ambitious Walter Reuther, President of the UAW, call the signals.

At least a dozen Southern members of the Senate and House cheered the action by GM. They are neither anti-labor nor pro-labor. They expressed hope that the Corporation would show Reuther and his lieutenants that GM stockholders and consumers have a voice in the automobile industry as well as labor. The truth is most of the Conservative Democrats realize that their party nationally is controlled by labor unions, and it politically pains them when it is called to their attention. Therefore, they are hoping that GM, Ford and Chrysler will not make too many concessions.

Since the First New Deal administration, the labor union membership in this country has grown from slightly less than 3,000,000 members to some 17,000,000 plus. Organized labor is a powerful force. In the Congress of the United States, labor controls, in whole or in part, scores of members. The CIO-Political Action Committee is getting ready to conduct a tough campaign against incumbents who have not voted like the unions have wanted them to vote.

Union members, who still have the sympathy of many of the so-called "do-gooders," are in the middle-income class in this country. Their income scale continues going upward and upward.

The labor unions through so-called "check-off" by employers, are collecting more than $650,000,000 a year in dues. Some 40% of the funds go to the international union treasurers, and 60% of it is kept by the local unions.

Labor Legislation

The select Senate Committee under Senator John L. McLellan of Arkansas has conducted some headline investigations the past couple of years into badly misused union funds. After a rough legislative trip along the way, the Senate passed a bill a few days ago to insure that union trust funds be regulated and open to audit. The measure requires the unions to make financial reports on pension and welfare funds to the Secretary of Labor.

What made it have a rough trip along the way was the fact that it was peppered with amendment after amendment. Actually, no one between Capitol Hill and the White House opposed the bill. Most of the amendments were offered by Senator William F. Knowland, the Republican leader, who is a candidate for the governorship of California this year. Senator Knowland knows already that labor is against his candidacy. Thus, he had nothing to lose and all to gain in the stand he took.

There appears little chance that Congress will pass and send to the White House any legislation that would curb corruption and monopolies in union organizations. The Democrats control Congress and the unions pretty well control the Northern wing of the Democratic party.

Senator Irving Ives, Republican of New York, a member of the Senate Select committee investigating union racketeering, believes there is an outside chance that some moderate bill to curb union activities might pass. Any legislation that the Senate may send over to the House is unlikely to get out of the House Labor Committee. This is election year, and members of the House committtee are not anxious to stir up any labor opposition.

Goldwater "Marked"

Certainly the most courageous man in Congress to stand up to the Union leaders and call a spade a spade with them is Senator Barry Goldwater of Arizona. He hasn't minced any words with them. As a result the CIO-Political Action Committee probably will pour thousands and thousands of dollars into Arizona this summer and fall in an effort to defeat him in his bid for re-election.

The Arizona Republican says flatly that the Unions are the greatest abusers of restraint of trades with their monopolistic practices. He is a bitter foe of the unions that allow attacks on non-union people who want to work, but are attacked when trying to enter plants. He has told some of the union leaders what he thinks about bombings, and assaults on people who want to work and destruction of property.

The big union leaders hate him for preaching that it is just as sacred for a working man not to belong to a union as it is for a man to belong to a union and to strike if he wants to strike.

"Im just itching to have my opponents call me anti-labor," said Senator Goldwater. "The Democratic party is now saddled with the position — politically, though we know it's not true— that it agrees that what Beck and Hoffa and the others have been doing is perfectly alright. It is the best political break we have had in six years."

Right-to-Work Laws

Obviously the major union leaders of this country have a great lust for power. The unions, if they had their way, would not only control the courthouses of this country, but the state houses and the Federal executive and legislative branches of this government.

There are some 18 states in the nation that now have right-to-work laws. The AFL-CIO, however, is making a determined effort to repeal these state statutes.

". . . There is one provision in the Taft-Hartley law," said Gerard D. Reilly, chairman of the labor law section of the American Bar Association, "where Congress did make a clear delegation of power to the states. This is the provision allowing the states to forbid any kind of compulsory union membership contracts. This provision, however, has recently become the subject of bitter debate. But compulsory unionism is not the only issue in which the advocates of states rights have encountered opposition from labor officials."

A New Book

The Washington, D. C. attorney, made the observations in his paper printed in a 177-page book, "Labor Unions and Public Policy." The book came off the presses recently, and was published by the American Enterprise Association of Washington, D. C. Other authors are Dr. Edward H. Chamberlin, a professor of political economy at Harvard University; Dr. Philip D. Bradley, a visiting professor at University of Virginia, and Dean Roscoe Pound, professor emeritus of the Harvard law school.

Mr. Reilly points out that other matters which have aroused controversy among the unions are:

(1) the authority of state courts to grant relief against secondary boycotts, jurisdictional strikes, and coercive union picketing;

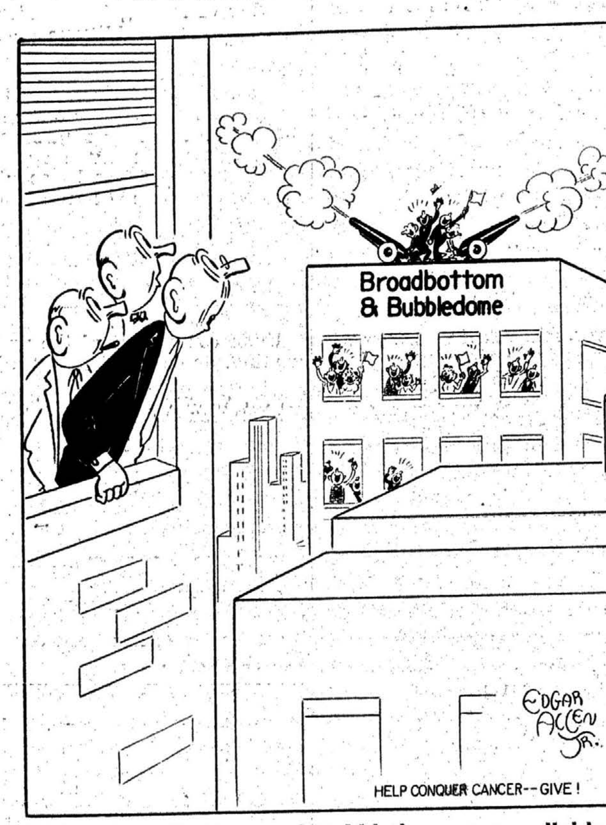
(2) the jurisdiction of state boards to entertain representation and unfair labor practice cases affecting establishments within their borders whose operations affect interstate commerce;

(3) the propriety of the policies of the National Labor Relations Board in declining jurisdiction over small enterprises having a relatively slight impact upon interstate commerce; and

(4) the power of state legislatures to prevent interruptions of public utility services by laws providing for seizure or compulsory arbitration.

[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



"When Broadbottom and Bubbledome pay a dividend they certainly want the world to know it!"

With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—William M. M. Beamish and Harvey F. Hanna have become associated with Bache & Co., 445 North Roxbury Drive. Mr. Hanna was formerly with Cradock Securities Limited; Mr. Beamish was with Paine, Webber, Jackson & Curtis.

Business Man's Bookshelf

Air Transport Facts and Figures—19th Edition — Air Transport Association of America, 1000 Connecticut Avenue, N. W., Washington 6, D. C.

Alcoholic Beverage Industries — 1957—Survey of Magazine Advertising Investments — Newsweek, 152 West 42nd Street, New York 36, N. Y.—on request.

Bank Examiner Trainee Program of the New York State Banking Department — Booklet — New York State Banking Department, 270 Broadway, New York 7, N. Y.—paper—on request.

Condition and Operation of State Banks in 1957—American Bankers Association, 12 East 36th Street, New York 16, N. Y.—paper.

College Mathematics: Basic Course in Essentials of Algebra, trigonometry, Analytical Geometry and Calculus—Kaj L. Nielsen—Barnes & Noble, Inc., 105 Fifth Avenue, New York 3, N. Y.—paper—$1.95.

Competition: Business Is What You Make It — Commonwealth Engineering Co. of Ohio, 1771 Springfield Street, Dayton 3, Ohio—paper.

Directory of College Media—B. Klein & Company, 23 East 22nd Street, New York 10, N. Y.—$15.

France Moves Forward: Story of Economic and Technical Progress—La Documentation Francaise, Paris, France—paper.

Freeman: May issue containing articles on The Human Side of Human Beings; Sheer Joy of Learning; Freedom of Opportunity; Wages, Unemployment and Inflation; Profits: Key to Prosperity, etc.—Foundation for Economic Education, Inc., Irving-on-Hudson, N. Y.—paper—50c.

Highway Bridges of Steel — Two color illustrated brochure designed as an aid in structural steel bridge design — American Institute of Steel Construction, Inc., 101 Park Avenue, New York 17, N. Y.—on request.

Outlook for Labor Costs in Local Governments—Michael T. Wermel—Industrial Relations Section, California Institute of Technology, Pasadena, Calif.—paper—$1.

Problems of the Railroads—Report of the Subcommittee on Surface Transportation of the Committee on Interstate and Foreign Commerce — U. S. Government Printing Office, Washington, D. C.—paper.