# The COMMERCIAL and BUSINESS ADMINISTRATION LIBRARY FINANCIA CHRONICLE

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#### **EDITORIAL**

# As We See It

It is astounding how tenacious of life the notion is that international disorders (and, for that matter, not a few domestic troubles) could be cured by tinkering with the price of gold. Apparently, the current recession has not become acute enough to create any great present risk that we shall raise the price of gold, but the issue is by no means dead abroad, and still has advocates in this country. If the present quieter state of business were to continue and to worsen, it is not beyond the bounds of possibility that the politicians would begin to consider seriously imitating the New Deal in its earlier days when it was expected that wonders were to be achieved by raising the price of gold to \$35 an ounce.

It is, perhaps, not surprising that interests with extensive holdings in gold mines should be able to convince themselves that a higher dollar price for gold would solve many problems not only for them but for the remainder of the world. The New Deal devaluation brought a bonanza to the gold mining interests throughout the world, and it is quite probable that another increase in the price of gold in terms of dollars would do likewise. How it could help countries which do not and can not produce gold is far from clear, and certainly the United States of America could not hope to gain from such a change. What we should have to expect would be an exchange of goods with real economic value for yellow metal of which we have a surplus already—and the consequences of a further debasement of our currency.

#### **Fundamentals**

It appears necessary once more to call attention to the factors which are responsible for cur-

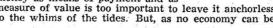
### Our Monetary Economy

Author of Money and Inflation, Standardized or Index Money? (1924); Crisis or Dissolution? (1931); and Money Muddle (1951)

It was in May, 1917, that Mr. Keesing, now a retired international banker, had his first Chronicle article published. Today, he looks at what has befallen our economy and singles out as the principal cause for our economic difficulties the progressive deterioration of financial liquidity and our habit of trying to cure the consequences of too much credit with more credit. Writer reviews basic principles of money, banking and credit; sees "no royal way to undo the effects of credit inflation," except to sweat it out and watch our future step in creating purchasing power based solely on credit. Points out certain misunderstandings said to be held regarding Keynes' pronouncements, and asseverates there's nothing wrong with our economic system so long as it is run intelligently and fairly.

The first world war and its aftermath profoundly disturbed the currencies of the world. To parry the destructive effects of the fluctuations

in the purchasing power of money, Professor Irving Fisher proposed that the gold contents of the dollar be the gold contents of the dollar be-periodically raised or lowered with reference to the price index of a chosen number of commodities with reference to the price index of a chosen number of commodities. He called it a "compensated dollar." Then came John Maynard Keynes' book on Monetary Reform in which he proposed to abandon fixed gold he proposed to abandon fixed gold parities in favor of a stabilized price level. He recanted in 1933 in "The Means to prosperity." Nobody recommends fluctuating currency parities any longer. The dual role of money as means of payment and as measure of value is too important to leave it anchorless to the whims of the tides. But, as no economy can be



Continued on page 30

## How Can Business Speed the Upturn?

By EMERSON P. SCHMIDT Director, Economic Research Chamber of Commerce of the United States

National business group's economist succinctly surveys what business can do in an economy that is described as being well stocked with preductive capacity and consumer durables and in which the government is said to have completed its efforts to stimulate recovery and monetary authorities have brought about highly liquid financial system conducive to recovery and expansio Dr. Schmidt refers to Keynes' last prediction that the U. S. A. was becoming a high-cost economy and suggests measures that could be taken to reduce real costs, stimulates sales; new products; and restrain wage inflation.

Even though numerous forecasters believe that the bottom of the current recession may be at hand, a spongy bottom is not ruled out. For this reason, the progressive business executive is striving to strengthen his business in every way that is available to him.

available to him.

The government, apparently, has taken all the major steps it will take to stimulate recovery for the near future. These include the stimulation of residential construction, a step-up in military and other procurement and public construction, and credit easing.

Credit Ease

In terms of monetary policy, the stage has been set for genuine recovery. As the supply of loan funds relative to the demand has increased, the Federal Reserve has cut the rediscount rate from 3.5% last November to 134% now. Reserve requirements of member banks against their deposits have been cut. Open market

State, Municipal and

**Public Housing Agency** 

**Bonds and Notes** 

Continued on page 37 \*An address by Dr. Schmidt at a Symposium by the Board of Directors, Chamber of Commerce of the United States, Washington, D. C., June 13, 1958.



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# The Security I Like Best

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

GEORGE L. BARTLETT

Partner in Charge of Investment Research, Thomson & McKinnon New York City
Members: New York Stock Exchange
and other leading Exchanges

#### The Brooklyn Union Gas Company

In these days of many uncertainties, it seems wise to be exceptionally circumspect about buying stocks, because of the risks that abound when adjustments in the

economy occur. The right stock to buy is one of a company which serves an essential need and can see a bright future ahead. It should be strong, stable, dependable



George L. Bartlett

and expansive.

Such a stock
is that of the Brooklyn Union Gas
Company. I like it because it has
all these qualities as well as
several others which commend it
to the careful, forward-looking
and income-conscious investor.

Brooklyn Union Gas has as its
core a territory of 175 square
miles containing 3.7 million people.
It covers practically all of Brooklyn, much of Queens and all of
Richmond — three of the five
Boroughs of New York City—having early in 1957 consolidated the
Kings County Lighting Company
and the New York & Richmond
Gas Company, with itself, At the
end of 1957 it had 1,029,000 customers. Residential sales in 1957
constituted 71% of the company's
revenues commercial load 1607 tomers. Residential sales in 1957 constituted 71% of the company's revenues, commercial load 16%, industrial on a firm basis 8% and interruptible, i.e. when gas is available, 5%.

It will be observed that the industrial load is light for what is

a well matured territory with much industry. The reason is that most of the industry is relatively small and in light lines. There is no such concentration of hugh plants as in the big industrial centers inland. However, this makes for a far greater degree of stability than is possessed by com-

panies serving such centers.
Growth had to be sought in other directions by Brooklyn Union Gas and this company has done with remarkable success. Operating revenues have in-creased since 1946 by more than 140% and net income just about quadrupled. Common stock earnquadrupled. Common stock earnings rose 165% to a 1957 peak of \$2.92 a share. Stockholders also had cause for rejoicing when a two-for-one split in 1952 was ordered. Neither did a regular dividend rate that rose gradually from 80¢ a share to the rate of \$2.20 a share indicated by lastest payments dim their spirits. At recent prices, the current dividend yields an annual return of 5.1%—which is liberal having in mind

the prospects.
All this, of course, entailed considerable capital expenditures. Cost of converting customers' appliances was some \$21 million. This is being amortized on a 10-year basis from July 1, 1952. Since 1950, gross property account increased some \$40 million after retiring \$14 million of obsolete properties. Funded debt was up \$16 million. In May, 1958, another \$22 million of first mortgage bonds was sold. Proceeds were BArclay 7-6100 used largely to retire \$18 million of short-term debt resulting from

construction outlays. Total debt at this time is probably around \$71 million, assuming that about half of the company's 1958 budget for construction has been spent by this time. Common stock consists of 2,163,410 shares of \$10 par

This, however, is less than half of the story. Prior to the introduc-tion of natural gas, the manu-factured gas business was subject to many vagaries. When electricity replaced gas for lighting and projected itself into the cooking field, it seemed that the days of gas were numbered. But not so;

Continued on page 45

F. PALMER WEBER Partner, Morris Cohon & Co. New York City

#### Driver-Harris

This 59-year-old company with no funded debt and only 89,170 shares of common is the world's leading maker of the largest line

Usage of these special purpose, patented nickel alloys in wire form is widespread in the entire appliance, automotive, construction, and instrument industries. Fifty per cent of sales comes from Fifty per cent of sales comes from appliance industry, 20% defense, the remaining sales scattered over

the whole spectrum of industry. Over 500 different wire sizes from .00045 to .204 are self-carried in the 18 most frequently pur-chased nickel and nickel alloys. Monel, Grade A and D Nickel, Monel, Grade A and D Nickel, Inconel, stainless steel, Nichrome, Chromax, Karma, Advance, Manganin, Lohn, Midohm—are all inventory stocked. Driver-Harris's hundreds of patents and trademarks are registered in 50 or more countries.

Driver-Harris owns 95.6% of British Driver-Harris owns 95.6% of British Driver-Harris, and through and with British Driver-Harris owns 98% of Etablisse-ments Driver-Harris, and 98% of Societe Italiana Driver-Harris, and 90% of Irish Driver-Harris.

### SALES YEARS 1952 TO 1957

J.S	5. DrHarris	British DrHarris	Consolidated
	\$12.4	\$3.9	\$16.3
	13.8	4.1	17.9
	10.9	4.7	15.7
	14.5	5.3	19.9
	16.3	5.5	21.8
	13.8	6.0	19.9

Of the company's consolidated net worth of \$10,330,279 at end of 1957, approximately \$3,818,000 represented net worth of manurepresented net worth of manufacturing affiliates in England, Ireland, France, Italy, and Spain. This net equity abroad is carried on the company's books at cost or nominal amount of \$283,087.71.

> NET WORTH GROWTH YEARS 1952 TO 1957 (In millions of dollars)

				dated	
	U.S.	British	Consoli-	Net Wort	ŀ
Ι	rHar.	DrHar.	dated	per Share	;
	\$4.7	\$1.8	\$6.5	\$74	
	5.1	2.1	7.2	81	
	5.3	2.2	7.6	- 86	
	6.0	2.6	8.7	. 98	
	6.5	2.8	9.3	105	
	6.7	3.5	10.3	116	

#### This Week's Forum Participants and Their Selections

Brooklyn Union Gas Co.-George L. Bartlett, Partner in Charge of Investment Research, Thomson & McKinnon, New York City (Page 2)

Driver-Harris — F. Palmer Webber, Partner, Morris Cohon & Co., New York City. (Page 2)

### NET EARNINGS YEARS 1952 TO 1957

U.S. DrHar.	British DrHar.	Consoli- dated Earnings	dated per Share Earnings
\$477	\$121	\$598	6 \$6.72
459	121	580	6.51
474	283	758	8.52
631	315	946	10.63
658	252	911	10.24
420	347	767	8.63
\$3,121	\$1,441	\$4,562	\$51.25

Of the approximate \$50 consolidated net earnings per share in the past six years, \$12.55 has been paid in dividends to the share holders and approximately \$38 per share has been retained by the company for working capi-tal, new facility and research

Examination of Form 10K filed with the SEC exhibits the internal workings of the excellent management which Driver-Harris has enjoyed for many years. In the past six years in the U. S. alone:

Depreciation and amortization: \_\_ Retirements: \$3.1 million Maintenance and

\$3.6 million repairs: \_\_\_\_ \$3.6 million Additions at cost: \$3.7 million

Depreciation has equalled \$39 per share, additions at cost \$42 per share, retirements \$35 per share, and maintenance and repairs \$40.

pairs \$40.

It is clear that Driver-Harris facilities in the United States are in tiptop shape. Of the current 1957 balance sheet figure of \$5,821,101 for total plant and equipment in the U. S., more than 63% is entirely new in the past six years. That the total figure for maintenance and renair is for maintenance and repair is larger than the total depreciation charges is also fiscal testimony to the up-to-the-minute housekeeping of this management. Two million dollars of emergency plant from dollars of emergency plant facilities acquired for the production of defense materials under Certificates of Necessity, being amortized over a period of 60 months, "was substantially amortized at Dec. 31, 1957," according to Form 10K.

The current asset and liability position of Driver-Harris is strong. With no bonds, preferred, or any senior securities, with no bank or insurance company loans, with only 89,170 shares of com-mon stock outstanding, Driver-Harris has persistently followed a high liquidity policy. U. S. Driver-Harris currently shows: total current assets of \$4.7 million against current liabilities of \$1.2 million for a 3.85 ratio, the strongest in the past six years. British Driver-Harris's current asset to current liability ratio fluctuates between 9:1 to 6:1.

Consolidated net working capital:

U. S. Driver-Harris\_\_ \$3,508,176 British Dr.-Harris\_\_\_\_ 2,250,091

\$5,758,267 Per share\_\_\_\_\_

With a current market price of \$45-\$47, with a securely established position in an essential industry, with a \$2 basic dividend rate, Driver-Harris is the security I like best. It is listed on the American Stock Exchange.

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### Redemption Restrictions In Utility Bonds

Chairman, Securities and Exchange Commission Washington, D. C.

Voicing concern about resurgence of non-call provisions in utility issues, recently re-appointed SEC Chairman invites state regulatory commissions to collaborate in a united front against unreasonable redemption restrictions in utility bonds and concludes with warning that "if we don't hang together, we may hang separately." Mr. Gadsby scores the point that Federal and State agencies protect utility consumers against unreasonable interest costs and that refundables are essential to achieve economies in raising capital. He answers complaints by citing studies showing redemption freeze does not increase cost of money or make such issues less attractive to underwriters or investing public. Defines successful placement and reasonable redemption premium and refers to study new being made on the subject by Wharton School at University of Pennsylvania.

Commission pursuant to the Securities Act of 1933, and that such securities of a holding or subsidiary corporation which is subject to the Public Utility Holding Com-pany Act of 1935 must also receive af-firmative approval in an



Edward N. Gadsby

Securities and Exchange Commission is in a unique position to observe trends and developments in religious and foshions in utilities. policies and fashions in utility bond and long-term note issues. One of such developments which is of interest to the Commission under the 1933 Act and which is a very important consideration under the 1935 Act is the current tendency on the part of some utilsities to include among the provi-sions of the corporate indenture an agreement not to refund a bond issue at a lower rate of interest for a definite period of time, usually five years, or else not to re-deem it at all during that time.

No specific indication has come to our attention as to the origin of this practice. As a matter of fact, it has been extended to some industrial and foreign government issues. It is probable, however, that some institutional investors have taken the position that they would like to have such a freeze included in the indenture in order that they will not be required to change their portfolio during whatever period is agreed upon. We have also received indications that certain underwriters acting sometimes as financial consultants have developed more or less of a practice of advising utilities who seek their advice and who are about to make an offering of senior securities to include such a pro-

\*An address by Mr. Gadsby before Conference of the New England Public Utilities Commissioners, Rockland, Maine, June 18, 1958.

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Any issue of utility debt securities which is to be sold to the general public must be registered with the Securities and Exchange Commission vision in the terms of the issue. In the early history of corporate bond financing, it was common to omit any provision for calling the bonds prior to maturity to avoid bonds prior to maturity to avoid payment of further interest. Dewing has noted, however, in his Financial Policy of Corporations that since 1910 most bond issues have contained some call provision. Back in 1941 we made a study of bond issues registered with the Securities and Exchange Commission for the years 1937 to 1941 and found that 97% of the 230 issues then marketed were callable. Of course, the fact that a bond issue is callable on some terms and for some purposes is only part of the story. We are here concerned only with callability for refunding and at no more than a reasonable premium, if any. Nevertheless, it seems clear that there has been a long-term histhere has been a long-term his-torical trend away from restrictions on redemption. Despite this trend, we have seen in the recent period of rising interest rates, a resurgence of non-call provisions in utility issues submitted for competitive bidding.

#### Resurgence of Non-Call Provisions

This provision seems to have been first revived in May, 1957, in connection with an issue by New York State Electric and Gas Corp., at a time when bond inter-est rates were relatively high, and in fact were at a point where the thoughtful analyst could very easily conclude that some form of

easily conclude that some form of fiscal relief would be forthcoming in the not too far distant future. It might be well at this point to recall the fluctuations in bond interest rates illustrated by the accompanying chart.

The Securities and Exchange Commission has no jurisdiction in this respect over indenture provisions of manufacturing companies or of utility companies which are not subject to the Holding Company Act. As to utilities which are subject to the 1935 Act, however, the situation is somewhat different. Section 1(b) of the Act declares that the national interest and the interest of consumers of electricity or gas are or may be electricity or gas are or may be adversely affected by lack of economies in the raising of capital, and machinery is thereafter set up

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ssioners on June 16. (Pun the published in this issue of the In the face of this prevalent published in this issue of the In the face of this prevalent inequitable arrangement, the SEC insists on putting on the defensive insists on putting on the defensive who try to arrange for a "Chronicle" on page 3.) The can feature of bonds, which gives the privilege to the issuer to retire them before maturity, has become increasingly prevalent since 1910 with the very great majority of issues marketed now being callable. This trend became greatly accelerated during the 1930's the oversupply of investible funds reduced the bargaining power of

The recent trend back to easier money conditions and the conmoney conditions and the con-sequent return to this provision's favoring of the issuer and penal-izing of the buying-lender, should currently intensify the investor's concern.

Chairman Gadsby, in decrying attempts to free the buyer from this feature favoring the seller, stresses the alleged harm done to public utility consumers by "un-reasonable" interest costs, and the alleged obligation of the Com- injected on the mission and the State regulatory it is exercised.

authorities to protect them.

But any such concept to concentrate on the interests of the consumer surely contradicts the very raison d'etre of the Secu-rities and Exchange Commission, as well as the philosophy of the regulatory statutes, which have been geared to the protection of the investor, presumably including the buyer of bonds. Even in the sphere of the utilities, the Preamble of the Public Utility DEAR MR. MAY:

#### Heads You Win; Tails I Lose

rate borrower is given the valuable First thing to consider is that option to call off "the deal" before there are practically 9 million the specified termination date, stockholders, many of them strictly

Day A. WILFRED MAY

By A. WILFRED MAY

CONSUMERS OR BONDHOLDERS—
Which Are to Be Protected?

Constitutes a most unfair headsgarding bond indenture provisions, including the call feature, is called for The need for clarification of the
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A rance May

Constitutes a most

those who try to arrange for a binding two-way contract, by classifying such protection as a "freeze" against refunding provi-sions. The indictment of "nonwhen declining interest rates with utilities financing in a Statement

able" redemption premium to be paid by the issuer in the event of he will only exercise his option in the event that his entire transaction, including penalty, will yield a net advantage to him, forestalls the possibility of any real penalty on the borrower. His possession of the option guarantees that the penalty will be injected on the holder whenever it is exercised.

Surely then it must contain to be the stockholder is a guest and should be treated in a guest and should be a guest and should be treated in a guest and s attention to money of a "reason- look c

Surely then it must occasion surprise and dismay to find our Federal regulatory agency which is committed to protect the investor, nevertheless persistently endorsing this investor - sabotaging

#### ON THE HECKLERS

(a communication)

Holding Company Act specifically promulgates the concern of the national public interest with the cannot resist the temptation to investor as well as the consumer.

Heads You Win: Tails I Lose The basic gross unfairness of 72 years old and retired, I own the principle of the call feature should be realized. The arrangement whereunder only the corponant where the principle of the call of "the deal" before the principle of the call of th

on good results is always in order; as is inquiring about a dividend increase or a stock split if the earnings and price warrant it.

Up to now the meeting has been

too much a one man show. Why not give others a chance; it is meant for all of us.

#### Menu Suggestions

sions. The indictment of "non-redeemability" was adopted as the Commission's official position in utilities financing in a Statement of Policy, Feb. 16, 1956.

Typical of discussions of this question, Chairman Gadsby devotes considerable attention to the determination of a "reason-look cheap. A stockholder is a covert cond should be treated in a covert condition."

take care of the crowds. Give them a show, lunch and a limited time to talk — a carnival style business meeting. Hope to be around when it happens.

GEORGE MEYER

6911 Yellowstone Blvd., Forest Hills 75, N. Y. June 21, 1958

### **Security Analysts to** Gelebrate 21st Year

The New York Society of Security Analysts will celebrate its 21st birthday at its Sixth Annual Outing on Friday, June 27 at the Westchester Country Club, Rye N. Y., according to Gerald L. Wilstead & Hallgarten & Co., Chairman of the Society's Outing Committee.

Although the analysts will turn their backs on all statistics for the day, they will keep in touch with market activities by trading on their own unlisted NYSSA "Stock

### **Eddleman, Pollok &** Fosdick Co. Formed

HOUSTON, Tex. - Eddleman, Pollok & Fosdick Co., Inc., has been formed with offices in the Bank of the Southwest Building. Officers are Richard N. Eddleman, President; Lewis W. Pollok, Jr., Vice-President and Treasurer, and John Fosdick, Vice-President and Secretary. All are partners in Eddleman-Pollok Co.

### The State of Trade and Industry

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

In recent weeks some measure of stability has become apparent in our economy. Personal income has turned upward in May, coupled with pay increases scheduled for both military and civilian workers, retroactive to the first of the year, which will expand consumer purchasing power to that extent and serve as an added stimulus to business. Other workers in private industry are also in line for pay increases, contained in written union contracts, which should further broaden available purchasing power.

power.

The appliance field, manufacturers state, is showing some evidence of an increased demand, stemming from stepped up activity in home building, which if sustained, would play an important role in setting business on a more even keel.

portant role in setting business on a more even keel.

This week the steel industry has begun to show some leveling off in steel output after seven consecutive weeks of rising production. Commenting on the steel situation this week, "Steel" magazine observed that "July will probably be the lowest production month of the second half, but it's beginning to look less ominous." As one steelman put it according to this trade paper: "I've been surprised by the number of orders that have stuck after I've made it clear that we couldn't possibly ship before July." This trade weekly further noted that vacations will slow steel consumption and output next month even if June hedging does not impair July sales, but there is hope that production will not drop more than 10%.

The number of idled workers getting unemployment compensation during the week ended June 7 declined again as many workers exhausted their state benefit periods.

The United States Department of Labor reported the 10,000-man decline in benefit recipients — the eighth successive weekly drop—brought total insured unemployed to 2,817,600.

The latest decline, however, was much smaller than the 27,400 persons who stopped getting benefits in eight larger states because they reached the maximum period of insurance.

Persons who stopped getting benefits in right larger states because they reached the maximum period of insurance.

Although six states already have signed up for temporary Federal aid for extending benefits to these idled workers, the AFL-CIO estimated recently only about one-fifth of those in this category would get more jobless pay soon under the anti-

recession legislation.

The Labor Department's Bureau of Employment Security reported that workers filing new claims for jobless pay rose slightly during the week ended June 14. The 10,600 increase sent new claims to 332,300, with 21 states sharing in the rise. A year earlier, initial claims declined by 3,700 to a total of 214,400.

The annual rate of personal income rose \$1,200,000,000 in May to \$344,300,000,000, according to the United States Department of Commerce. This was only fractionally below the peak level of last summer. For the first time since September total wage and last summer. For the first time since September total wage and salary disbursements rose. Higher farm income and unemployment compensation helped boost the May level. There was a slight rise in proprietary and rental incomes, but dividends and interest remained steady. Increased pay for Government civilian employees is expected to help boost personal income somewhat in the coming months.

In the steel industry, "Big Steel" has put steel labor on the spot, "The Iron Age," national metalworking weekly, declared on Wednesday of this week.

It added that United States Steel Corp. has, in effect, told Dave McDonald, President of the United Steelworkers, that it will not raise steel prices if the steel union foregoes its scheduled July 1 wage increase.

July 1 wage increase.

The metalworking magazine stated that this is the gist of United States Steel's statement in which it said, "It must be obvious

United States Steel's statement in which it said, "It must be obvious to anyone that the matter of price adjustment would not even come up under present economic circumstances if it were not for the very substantial employment cost increase we now face."

This trade journal further noted that the statement will have the effect of "smoking out" Mr. McDonald, who is on record to the effect that he will "stand pat" and let wage and fringe benefits due him under his three-year contracts with steel firms take effect on July 1 as scheduled. These increases will cost the industry present the "the contracts have not produced including a 5-gent cost-of-living more than 20 cents an hour, not including a 5-cent cost-of-living increase effective last Jan. 1.

more than 20 cents an hour, not including a 5-cent cost-of-living increase effective last Jan. 1.

United States Steel also has turned the tables on Sen. Estes Kefauver of Tennessee, according to "The Iron Age." "This critic of steel pricing policies," declared this trade weekly, "has consistently soft-pedaled the impact of wage costs on the steel price structure. Between now and July 1 the Senator will have to aim his barbs at steel labor—something he does not want to do—or retreat to a 'prepared position.' Chances are he'll claim credit for the price boost postponement. Actually, Sen. Kefauver's remarks have little bearing on the steel price picture."

This trade weekly stated flatly there will be no steel price boost on July 1. It added, the odds overwhelmingly favor one at any time between July 2 and September. It stands to reason that the steel companies cannot afford to absorb the substantial wage cost increases that are scheduled to take effect on July 1. Steel prices are bound to go up unless steel labor decides to pass up what it has coming under its contracts. When it comes, the price boost will amount to about \$5.50 per ton on a selective basis. This is about one-half the total of direct and indirect cost increases that would result from the scheduled pay hike.

Dave McDonald, "The Iron Age" reported, is in one of the toughest spots of his labor career. He won his contract after a 54-day strike in 1956. In the meantime he had a tough time winning re-election as President of the steel union against a comparative unknown in the steel labor movement.

of the steel union against a comparative unknown in the steel labor movement.

United States Steel got in another lick at Mr. McDonald when it mentioned the matter of competition from other metals. Alu-

Continued on page 34

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### Ammonia—A Fertile Field for the Future

Ford, Bacon & Davis, Inc., New York City

Mr. Westerhoff reviews the unique, rapidly extensive development and usage of ammonia, now the petrochemical industry's principal product in terms of tonnage, and indicates why there should be an even greater future for this synthetic product. Fertilizer and industrial uses are expected to take up 18 billion pounds by 1975, requiring additional investments of \$400 million, and this figure does not include the increasing demands from explosives and exports. Sees cost of ammonia and its products going down as production and transportation techniques improve.

industry, which derives chemical products from gas and oil, in terms of ton-nage, ammo-nia bids well



to outdistance its own swift, postwar growth. As the population increases, so will the amount of nitrogen used to enrich the croplands. Chemical nitrogen fertilizer's main source

is ammonia. Another ammonia compound, ammonium nitrate, is now coming into its own as a preferred material for controlled blasting. In 1956 more than half of the industrial explosives consumed in the United States, or 300,000 tons, was monium nitrate. Conservative-this figure will be tripled by ammonium nitrate.

Concurrent with increased usage, the cost of ammonia and its products probably will go down as production techniques improve and less-expensive transportation becomes available. For example, only recently ammonium nitrate, only recently ammonium nitrate was made available in a new form. In the past, prills and solutions were available. Today, the end product of the new Stengel Process is a dense crystalline granule.

While industry in general was expanding at about 4% annually in the early postwar years, petro-chemicals grew 15%. In recent years 90% of all ammonia was petrochemically produced. Nitrogen itself has seen growth

in depth down on the U. S. farm. For instance, farmers spread 283 million pounds of it in 1910 and  $3\frac{1}{2}$  billion pounds in 1955, a more than twelve-fold increase. ing the same 45 years, the volume of all fertilizers grew from 10,-900,000,000 pounds to 40,830,000,-000 pounds, or less than four-fold. From 1910 to 1940 the rate of

increase of nitrogen applications to the soil of American farms was slow. In 1940 the national averslow. In 1940 the national average was only two pounds per acre. In the next 15 years, however, the average expanded to approximately 10 pounds, an increase of roughly five to one The growth reflects farmers' preference for highly concentrated fertilizers that result in lower handling and his properties. shipping charges per unit of nu-

Some 400 million acres of cropland are in use in the United States. The area has remained their mailing list requirements.

more or less constant for a quarter of a century, and with no signs of any substantial increase, it can be assumed that this total acreage

their mailing list requirements.

FREE: Mailing List Catalog on Request of any substantial increase, it can be assumed that this total acreage is all that will be available for.

feeding the American people.

Population, on the other hand,

Feeding the American people, is expected to grow well past the a booming use for blasting and lower cost production and transportation techniques, all hold the promise of a bright future for a commonplace household item, ammonia.

Already at the head of the petrochemical in d u s t r y, average application of nitrogen per acre should at least double to around 20 pounds in the next 17

Should this expectation be ful-filled, the soil will by no means have been saturated. Consider, for example, what European nations are spreading per average acre of arable land: The Netherlands, 156 pounds; Belgium, 84; West Germany, 46; Norway, 38; United Kingdom, 31; Sweden, 20; and many, 46; Kingdom, France, 15.

In 1955 the synthetic fertilizer industry alone consumed some 4,200,000,000 pounds of the 6½ billion pounds of ammonia produced in the United States. Currently both consumption and production are much higher. Soil enrichment needs alone could pre-empt existing ammonia capacity in a few short years.

At the moment, U. S. capacity totals about 10 billion pounds a year. This represents plant value of some \$500 million. Leading producers of ammonia include: Allied Chemical, A merican Cyanamid, Calumet, Commercial Solvents, DuPont, Mississippi Chemical Monsanto Olis Mathia. Chemical, Monsanto, Olin Mathieson, Petroleum Chemical, Phillips, Shell, Sohio, Spencer, Standard Oil of California, and Sun Oil. Ammonia needs that can now be

redicted for both fertilizer and industrial uses should require a total capacity of some 18 billion pounds by 1975. At today's plant costs, this represents an additional investment of roughly \$400 million.

Additionally, some \$50 million worth of extra capacity will have to be built concurrently to meet demands for ammonium nitrate as an explosive.

Nothing has been said so far about exports. In 1956, the United States shipped \$115 million worth of fertilizers abroad. This should show an increase of 200% by 1975. Currently annual sales of Amer-

ican petrochemical producers, incidentally, are running at the rate of about \$4½ billion. Confident of the future, the producers are ex-

Fertilizers as applied to the soil are either naturally occurring or chemically processed. In the for-mer group, available in limited supply, are such materials as potash, gypsum, tankage wastes, bone slaughterhouse operations and, in some areas, sewage and garbage disposal plant resi-dues. Chemically processed madues. Chemically processed materials include phosphoric acid and the superphosphates and the nitrogens, the bulk of which are synthetic ammonia derived from synthetic ammonia plants. In 1955 the three principal

plant nutrients, nitrogen, phosphoric acid and potash, accounted for 27% of all fertilizers used, by weight. Nitrogen made up 8.6% of the total, phosphoric acid 10.1% and potash 8.3%.

A measure of the growth in the

use of nitrogen is found in comparing these percentages with those of 1910. In that year, the corresponding breakdown was 2.6, 9 and 3.8. The nitrogen figure reflects the development and growth of the synthetic ammonia industry

Until 1940, expansion in consumption of nitrogenous fertilizers in the United States was slow. The reason was chiefly historical. Other than waste products, only imports of nitrates from Chile and Norway were available.

Norway were available.

The synthetic fertilizer industry was born in 1913 when Gertry with the first many came up with the first process for directly synthesizing ammonia. During and after World War I there were significant technical developments in the fixation of atmospheric nitrogen in the United States. It is reasonable to assume that a sharp increase in the use of nitrogen would have taken place much earlier than 1940, had it not been for the poor economic conditions of the 1930's.

From 1953 to 1956, respectively, petrochemical production accounted for the following percentages of all ammonia produced: 75, 85, 90 and 90.

#### Ammonia Manufacturing Explained

Ammonia is manufactured by combining atmospheric nitrogen and manufactured by Petrochemically, the hydrogen is derived from natural gas, which is composed of some 75 to 95% met han e. Approximately one pound of natural gas, 40 pounds of water and five of air are used to form one pound of ammonia.

combustion, the exit gases contain hydrogen, nitrogen, carbon monoxide, carbon dioxide and water vapor. When the carbon oxides are removed, a nitrogen-hydrogen gas remains, at the ratio of 1 to 3. The final step is the catalytic combination of this gas into the final product, ammonia, again at elevated pressures and tempera-

To meet the demand for a comexpiring May 31, 1961 are: that Edward W. Godshall bination fertilizer, a manufacturer R. L. Cunningham, President, associated with their Philic can use the same pound of am-Ohio Ferro-Alloys Corp.; J. Robert office, 123 South Broad Stronia with several pounds of Fisher, President, Gamma Chemiar registered representation phosphoric or sulphuric acid to cal Corp.; Joseph Fistere, President, Gamma Chemiar registered representation phosphoric or sulphuric acid to cal Corp.; Joseph Fistere, President, Gamma Chemiar registered representation phosphoric or sulphuric acid to cal Corp.; Joseph Fistere, President, Gamma Chemiar registered representation phosphoric or sulphuric acid to cal Corp.; Joseph Fistere, President, Gamma Chemiar registered representation phosphoric or sulphuric acid to cal Corp.; Joseph Fistere, President, Gamma Chemiar registered representation phosphoric or sulphuric acid to cal Corp.; Joseph Fistere, President, Gamma Chemiar registered representation phosphoric or sulphuric acid to cal Corp.; Joseph Fistere, President, Gamma Chemiar registered representation phosphoric or sulphuric acid to cal Corp.; Joseph Fistere, President, Gamma Chemiar registered representation phosphoric p

The Stengel Process is a new and unique method for manufac-turing ammonium nitrate. The end result is a continuous sheet of the product, which is broken up into cube-like pieces. The pieces, after coating, are ready to be spread on farmland.

With a natural gas price of approximately 20 to 30 cents per thousand cubic feet, it is generally possible to produce ammonia for \$30 to \$40 a ton. The selling price of ammonia today is in the \$88

The farmer, incidentally, would pay about six cents per pound, or 60 cents for the U. S. national average of 10 pounds of nitrogen per acre. With a farm the size of the national average of 80 acres, he would spend \$48 to apply the going rate of ammonia cropland.

cropland.

In actual practice, 50 to 100 of this line will undoubtedly be pounds of anhydrous ammonia or ammonia solutions are applied per fertilizer industry.

Other forms of nitrogen are creasingly important role in the available for areas where the petrochemical industry. They help market for anhydrous ammonia is lower production and marketing limited. From ammonia and air, costs. for example, nitric acid is formed by direct oxidation, which when reacted with additional ammonia industry may base its future produces ammonium nitrate. Amgrowth. More extensive use of monia processed with carbon dioxide yields urea.

The farmer has a choice of fertilizers, and in his final selection, geography plays a role. He has a choice of the American farmer and the nation.

pected to spend a sum greater produce a host of ammonium buys from the nearest manufactural expansion in 1958.

The Stengel Process is a new tion costs Manufacturers in the stengel process. tion costs. Manufacturers, in turn, try to locate their plants advantageously with regard to both raw materials and market.

raw materials and market.

Natural gas, phosphate rock and sulphur are the major raw materials of the fertilizer industry.

Natural gas lends itself to economical transport by pipeline. Sulphur, valued at some \$23 perton, at its source, costs \$11 to transport several hundred miles by rail. At the mine phosphate rock averages \$6 per ton, but shipping

manufacturers would have greater flexibility in locating plants advantageously. The pumping of a phosphate rock-water sturry for a distance of five miles has been reported in Florida. The operation of this line will undeuted by

### McClure Named Chairman of Manufacturing Chemists' Ass'n

sociation at its 86th Annual Meeting held at White Sul-phur Springs, West Virginia,

He succeeds Ernest Hart, President of Food Machin-ery and Chemiical Corp.

Connor President of Merck & Co.,



Mr. McClure Inc.. succeeds Chairman of the Executive Committee.

Gen. John E. Hull, USA (Ret.), full-time President and a Director, was re-elected.

#### D. S. Frederick, Re-Elected Vice-President

Re-elected Vice-President was
D. S. Frederick, Vice-President of
Rohm & Haas Co. Fred C. Foy,
President, Koppers Co., Inc., was
elected an MCA Vice-President.
M. F. Crass, Jr., full-time Secretary-Treasurer, was re-elected.
Directors elected for the town

Directors elected for the term

Harry B. McClure, Vice-President of Union Carbide Corp., was elected Chairman of the Board of Directors of the Manufacturing Chemists' Association at its American Cyanamid Co., R. C. McCurdy, President, Shell Chemical Corp.; Glen B. Miller, President, Allied Chemical Corp.; Charles S. Munson, Chairman of the Board, Air Reduction Co., Inc.; Hans Stauffer, President, Stauffer Chemical Co., and James C. White, President, Tennessee Eastman Co.

John L. Gillis, Vice-President of Monsanto Chemical Co. was

of Monsanto Chemical Co., was elected a Director for a term ex-

elected a Director for a term expiring May 31, 1960.

Raymond F. Evans, President, Diamond Alkali Co., and S. B. Penick, Jr., President, S. B. Penick & Co., were elected Directors for terms expiring May 31, 1959.

The Manufacturing Chemists' Association is an industry group representing more than 90% of the chemical production capacity in the United States. It is the oldest trade group in the chemical field.

#### Godshall Now With Penington, Colket & Co.

PHILADELPHIA, Pa.—Penington, Colket & Co., members of the New York Stock Exchange and other leading exchanges, announce that Edward W. Godshall is now associated with their Philadelphia office, 123 South Broad Street, as a registered representative spe-

# LOOKING & LEADS?

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## Let's Export Freedom

By KENNETH R. MILLER\*

General Manager, National Association of Manufacturers

Referring to USSR's expansion in the economic field in the cold war, NAM executive challenges bankers to help overcome American economic illiteracy as the first step in preparing our citizens for the demands of ideological warfare. Appalled by extent of misunderstandings of economic facts said to exist among our people, including some union leaders, and socialistic inroads, Mr. Miller recapitulates what the NAM is trying to do through public education efforts in the schools of 35 states, and other media, about the day-to-day economic issues. Refers to Syracuse, N. Y., model Manufacturers Association's training program, and warns that it is not enough for Americans to be patriotic without knowing what America truly is.

in the cold war. We have had our Mar-shall Plan, Point Four Aid and we have participated in the United Nations. We tions. We have exchanged students with the Afghans, and set up model supermarkets



in Yugosiav.a. We have even dispatched Louis Armstrong with his to serenade the masses behind the Iron Curtain.

must be no. And yet, there is this consolation—we do not yet live in a Communist world. Our efforts have helped to keep part of the world free. And because this is so, we still have time. But we can hardly claim that the results have been much better than this the gaining of time in which to make more efforts.

For, despite the strivings of our statesmen and the sweetest notes Mr. Armstrong could coax from his trumpet, we find America has made her points clear with peoples abroad.

Today, Nasser, abetted by Khrushchev, is accused of causing anti-American riots in Lebanon.
The Government of Indonesia
drifts more and more into the
Soviet orbit. All over the Middle
East and in Asia the issue is still in doubt. Even inside the borders of some of our close allies, the NATO nations, the Communists hold the minds and hearts of large sections of the populations.

And we have just had a demonstration of Communist infiltration of Latin America, when Vice-President Nixon was stoned and spat upon in Peru and in Venezuela.

Just a few days ago the World Gallup Poll reported that some of our most important allies believe Russia will be stronger than the United States within 10 years.

It would be nice if we could say, "But that's all Mr. Dulles' prob-lem," and go back to our desks and worry about the recession. Of course the cold war is the concern of Mr. Dulles and of President Eisenhower and Congress, but all of us have a stake and an obliga-

or us have a stake and an obliga-tion in the problem, too.

We must recognize it as our problem—now. We showed quick recognition that it was our problem when we reacted to Sputnik I by looking to see what was go-ing on in our schoolrooms. And have shown our recognition and alertness by our almost unan-imous support of a national deestablishment capable of my with any military threat. dealing with any military threat.

But it is becoming increasingly

\*An address by Mr. Miller before the N. Y. State Bankers Association, Lake Piacid, June 12, 1958.

It is always a source of great evident that the immediate Rusat is always a source of great evident that the immediate Russatisfaction if one's efforts are sian threat is not a military one, crowned with success. The United States has been making great efforts for more than 10 years

The the cold

Russian plan.

Communist expansion since the second World War has had several phases. First, the Red Army over-ran all the territory it could after the German and Japanese armies crumbled in the last days of conflict. Then the Russians obtained all the territorial concessions they could during diplomatic negotiations. Next, by subversion, they caused the establishment of Communist governments in liber-Communist governments in liberated states, and brought them into their orbit as satellites.

By warfare, communism over-ran China. And by warfare it at-tempted to control all of Korea.

#### Present Expansion Is Economic

The Russians will not hesitate behind the Iron Curtain.

Has success crowned our ef- to use these methods again, if opforts? I am afraid that the answer portunity arises, but the present must be no. And yet, there is this main direction of attempted Comconsolation—we do not yet live munist expansion is in the economic a Communist world. Our ef- nomic field. The communists are out to prove that they can out-produce and out-trade the United States, and that the uncommitted nations of the world can make more progress faster under their system than under ours.

Mr Khrushchev has been thinking about this approach for some time. He knows another Korea might mean all-out war. The brutal suppression of the Hungary volt caused Russia to lose much of its synthetic emotional appeal as the protector of the downtrod-den masses. So it was time for a new offensive along new lines. As I recall, the first hint of this came when Mr. Khrushchev announced that the Soviet Union intended to produce as much milk and butter and meat as we do within a few years' time. And as the months and meat as we do whill a years' time. And as the months passed, he talked more and more about goods for the people, and less about goods for the state and

Ordinarily, this would be the kind of challenge that America would welcome. Who would be so foolish as to challenge this nation to a battle in the field of production? Who would have the duction? Who would have the temerity to match the Russian economy against ours?

Well, Mr. Khrushchev has the temerity. And he has thrown down

his challenge just at the moment when we have been having the worst difficulties with our econ-omy that we have had since World War II.

Khrushchev means to prove that a country operating under a So-viet system can rapidly expand its goods and services for conexpand sumers. Already the Soviets have reported several years in which their economy has grown twice as fast as ours. And today, the growth of our own economy has been slowed by an economic

Furthermore, Khrushchev means to hold out the lure of more and more economic aid to other nations, and because the Russian economy is a state economy, he can wage this economic warfare

denied to the Russian people and used as an economic weapon in the cold war.

But there is one thing Russia export--and that is freedom. Russia has no freedom to export, along with her economic aid. But we have. Furthermore, we have proved that freedom can produce far greater economic miracles than communism can produce far greater, economic miracles than communism can produce through slavery. We have already produced our American miracle and it has become familiar to millions. The Russian iar to millions. The Russian miracle is just a promise, it is not

Under the freedom of our form of government, America rose in a tion that imported even its nails workers should not produce all to the mightiest industrial nation they could. Sixty-four percent on the globe. This was the miracle thought wages could be raised of freedom. But today this mirater cents an hour without include it taken for greated; it does a reason page 18 to the control of the contro century from an agricultural na-tion that imported even its nails cle is taken for granted; it does creasing prices. Fifty-three pernot command the attention it cent thought the government

ciples of freedom and the growth which they live.

To meet the challenge of Russia, we must contrast our system of real plenty and its attendant freedom with their system of promised plenty and its inevitable, everlasting slavery.

The free world's freedom

our own may depend upon how well we explain, and how well we export, the economic ideology

But before such a program can meet with success, among the un-committed peoples, our own people must understand.

Business first must explain our

explain it to the rest of the world.

How can we develop freedom as a weapon? We must train our own people, and enlist them as the ready reserve of the cold war. If the ideology of a people is a weapon in the cold war, the peo-ple must understand that weapon as well as a soldier understands his rifle. And just as a rifle eroded with rust may fail at the crucial moment, an ideology eroded by indifference may fail us in the years ahead.

Bankers have long been in the forefront in explaining the principles of economic freedom to the American people. They are in a unique position to do this job. The American people may be somewhat baffled about the details of our economy. They believe that bankers know the facts of economic life intimately. They are your customers, and they trust you enough to place their money in your hands. This trust will not be abused, but will be used for their service if you join in the campaign to wipe out ecothe campaign to wipe out economic illiteracy among our people. Bankers must continue to advance this cause. Just as we as a nation have poured effort, money and even lives into the cold war and still see no end, the struggle to maintain economic freedom has no end.

The National Association of Manufacturers, too, has been in

The National Association
Manufacturers, too, has been in
the forefront in explaining the
necessity for economic freedom such a challenge to bankers.
Bankers are gifted with

Our Business System Operates."
This program explains markets, production, prices, wages, profits all the major factors in our economic life. It strongly emphasizes the part that freedom plays.

The classroom program was de-The classroom program was developed in cooperation with educators, and has been presented in the schools of more than 35 States. Surveys conducted by upmon Research as socilates among high school students show that this course changes student existing that husiness. opinion about business.

miracle is just a promise, it is not here yet. But their approach is novel. It is new.

When the United States drew as consumers, as producers, and ratified its Constitution, the eyes of the world were upon the eyes of the world were upon our Constitution gave hope to the our Constitution gave hope to the too, might some day live as free the Under the freedom of our form opinion about business.

Young people want to know about the roles they play in life as consumers, as producers, and they have resisted if they had been attempted by revolution.

Have you taken in ventory lately of how far our free enterprise system already has taken on socialist characteristics?

We have the progressive income tax first proposed by the Marxists, but we have made it more radical high school seniors. Sixty-one proceed that they had been attempted by revolution.

Have you taken in ventory lately of how far our free enterprise system already has taken on socialist characteristics?

We have the progressive income tax first proposed by the Marxists, but we have made it more radical high school seniors. Sixty-one men.

Under the freedom of our form opinion about business.

Young people want to know about the roles they play in life to have you taken in ventory lately of how far our free enterprise system already has taken on socialist characteristics?

We have made it more radical than they could have imagined possible. need for profits. Eighty-three percent estimated industry profits at 25%. Sixty-two percent thought government should own the banks, and the railroads and steel companies.

Must Learn First About Our The same questions were asked
Freedom of students who had been exposed
Sad to say, even a great body to the program I have just deof our own citizens do not realize scribed. The opinions of these
the connection between the principles of freedom and the growth more favorable to business bemore favorable to business, the economy of the nation in cause they were informed of the basic economic facts of business

Now, it would be a mistake to think that the only problem is to put opinions into the minds that may have none, or that the only voices raised against economic freedom speak in Russian accents. There is a great deal of misunderstanding of economic facts among our people. I have mentioned the common misconceptions held by high school stu-dents. You are familiar with some of the economic nonsense preached by some union leaders.

Our program of economic in-formation is one that deals with Business first must explain our business system better to our own people, so that business and the American people as a whole can explain it to the rest of the world. How can we develop freedom as a weapon? We must train our own about some of our activities in the state of the welfare of all the American people. Our messages are messages of reason and right. I should like to tell you briefly about some of our activities in the state of the welfare of t trying to bring about better public understanding of the economic issues as we see them.

We have been doing everything in our power to tell the real story of the causes of the recession, and to prevent ill-advised measures proposed as cures, such as pump-

priming and heavy spending.

We have been conducting vigorous campaign for real t reform, and opposing hasty tax-cut programs which would be of little or no benefit to the entire

We have been keeping attention focused upon the monopoly power and abuses in labor unions today, and seeking effective legislation to make unions more responsible under the law.

We have been working to stem the drain of power from the state governments and local communi-ties to Washington.

We have been urging businessmen—our members and others—to be active participants in politics so that the nation will have the benefit of sane counsel from men who truly know what America's economy needs in order to support us all and wage a cold -or a hot one, if that should befall us.

#### Extends Challenge to Bankers

And I should like to extend

talents of organization and leader-ship—the qualities that are

crease in consumer goods can be economics program called "How were faithfully guarding our denied to the Russian people and Our Business System Operates." money in your vaults, and prudently managing loans, others were stealing its value without ever having to enter your premises. They are still doing so.

Inflation is one thing that robs Inflation is one thing that robs people of the value of what is theirs. But government controls can rob people of effective ownership of securities and businesses, allowing them to keep empty titles of ownership. Our government has taken long strides toward socialism, accomplishing by evolution results that our people would have resisted if they had

We have a great number of government manufacturing operations producing goods in competi-tion with private firms.

The Federal Government is the largest land owner in the country. It is the largest employer.

try. It is the largest employer.
We have Federally owned and
Federally financed utility sys-

tems.

We may not have collectivized our farms, but we have governour larms, but we have govern-ment management of farm pro-duction, of farm acreage, of farm prices and of some kinds of farm labor.

We have Federal financed and

We have rederal manced and subsidized housing. We have social welfare pro-grams of various kinds which tax Peter to support Paul.

And right now Congress is considering authorizing a quarter of a billion dollars to finance institutions that will in turn finance small businesses. This is capital finance, they are talking about, not emergency loans. Having largely dried up venture capital with its tax system, the United States is seriously thinking of going into state capitalism in a new direction. And right now Congress is connew direction.

You could add to this list from your own observations. Each step of the road toward socialism puts more hobbles upon the free enterprise system—the system which has made us the envy of the world. As these growing burdens cause business to falter momentarily, more burdens are sug-gested as the remedy for our ailments.

Meanwhile, too many persons intimately concerned with the management of business have been content to disapprove from distance—and without entering

the political arena.

What can you do to make your influence felt and make your opinions count in the affairs of

opinions count in the affairs of community, state and nation?
You may choose to join with us at the NAM to fight these vital battles. Or you may seek your own place in public affairs in your local community. You can find it without ever running for public office. You can find it within your own political organipublic office. You can find it within your own political organization at the local level. Or you may take the lead in developing a program in your community which will make its contribution toward taking the economy's fate out of the hands of leftists and tipkerers and putting it into the tinkerers and putting it into the hands of those intelligent enough to realize that the economy is

to realize that the economy 18 what we eat, what we wear and the way we earn our livings—every last one of us.

If you're looking for a model for your own program, you couldn't do better than to get in touch with the Manufacturers Association of Syracuse. Perhaps: sociation of Syracuse. Perhaps some are already aware of their the program.

They organized can wage this economic warfare with no thought of the welfare of his own captive population. The major portion of his boasted in
NAM Public Education Program ship—the qualities that are course, and political leaders were needed in our public affairs today, invited to come in and teach our public affairs today. Our work begins in the schools Perhaps some of you have hung them how to participate in politics where we have conducted a visual back too long already. While you effectively. They carried their

knowledge back to their own places of business and organized political action courses for their management people. The last step will be for all these newly-trained will be for all these newly-trained political workers to fan out into their own communities. They will spread their efforts among their friends, neighbors and associates. You will find them in the political clubs and attending their precinct meetings. They will be translating their political convictions into actheir political convictions into ac-

And this is what every one of us should be doing today. Patriotism is not enough. A knowledge of what constitutes good citizenship is fine, but it means nothing until we begin to practice it. A good friend of mine who has lived in France for many years tells me that French schools have been teaching patriotism and an abstract kind of citizenship to children from tots to teens. But they do not teach the practice of citizenship. Your newspaper tells you the results. France has had to turn to a one-man dictatorhad to turn to a one-man dictator-ship to revamp her political struc-tures so she can get a government that will work.

I have spoken of the need to be

prepared as citizens for the de-mands of a cold war, or a hot one. This cold war may not lead to a hot war, but it could lead to "cold defeat." It could lead to defeat, or victory, without a shot being heard. We at NAM feel that we have an obligation to help train the troops of the cold war—the men and women whose faith in our freedoms will be sensed in other lands where the struggle is going on going on.

#### Faith in America Not Enough

But it is not enough for Americans to express their faith in America, without knowing what

America truly is.

Americans have "know-how," as anyone in the world will tell you. We must also have "know-what." Pressures are being brought

upon us today to abandon the very principles which have brought us so far. Perhaps our government and our system lack novelty. But the alternatives offered are not novel. The world has known tyrannies before. Collectivism has failed repeatedly through all re-corded history, destroyed by its lack of regard for human freedoms and its lack of appreciation of human values. Where Republics have died, it was ignorance and indifference that brought on the fatal illnesses.

Not one of us must let an op-Not one of us must let an op-portunity pass by to defend free-dom. Our defense may not be a spectacular feat of heroism, per-formed in a crucial battle. It may to answer the query of a questioning youth, or taking the trouble to challenge the irresponsible statement of one who seeks gain through freedom's destruction.

Certainly there is no better place to defend the principles of economic and human freedom than the point at which they are being attacked. That point is the political system of our country. Our freedoms were shaped by men who were willing to work at politics. If they are to be saved, men must be willing to work at politics today.

Only those who will serve freedom are worthy to be free.

Baltimore Stock Exchange. Mr.

\*From a report by Mr. Keiter to the Cross is a recent graduate of 62nd Annual Convention of the New York State Bankers Association, Lake Placid, N. Y., June 11, 1958.

### Trust Developments In New York State

Chairman, Trust Division, New York State Bankers Ass'n Vice-President, The Chase Manhattan Bank, New York City

Tust Division head of New York State Bankers Association reports on: growing success of the group's open-end investment fund, fortunate failure of certain legislative bills to pass, profitable outcome of the trust film "So Little for Eve," success of Trust New Business School, and support rendered by Trust and Estate Law Committee. Mr. Keiter reveals that the Bank Fiduciary Fund reached a total value of \$5,833,000, has 42 participating member banks, may be emulated by several neighboring states, and shows every prospect of further growth.

imited facilities available, we have had to restrict registration to approximately 30 students. This year we felt compelled to increase the to increase the number to 34, the absolute maximum; we could easily

Ernest R. Keiter have gone well beyond that number if we had been able to take care of the additional applicants. The purpose of the to take care of the additional applicants. The purpose of the School is to assist administrative personnel in developing their skills in human relations—in effect, selling themselves, their institutions and their business to the public. The School has been widely acclaimed both by those who have attended it and by the who have attended it, and by the banks which have sponsored registrants. I heartily recommend it to those member banks who have not heretofore used it.

#### Bank Fiduciary Fund

In my last report I referred to the Bank Fiduciary Fund. This is the Bank Fiduciary Fund. This is an open-end investment fund sponsored by the Trust Division and incorporated by special act of the Legislature in 1954 primarily as an investment medium for the banks of this State acting in a fiduciary capacity, particularly those in which the volume of trust business is not large enough to sustain a common trust fund. While the Fund is not operated by the Trust Division, it was and still the Trust Division, it was and still is a Trust Division project. The advantages of the Fund have not been completely understood in all quarters, and in recent months the Division has undertaken a vigorduarters, and in recent monus the Division has undertaken a vigorous educational effort to acquaint its members with the great usefulness of the Fund and to encourage its more widespread use. As of May 1st, the opening of the current fiscal year, the number of participating banks had risen to 42 and the total value of the Fund to approximately \$5,833,000. It is believed that before the close of the year there will be a good increase both in the size of the Fund and number of participants. It is worthy of note that several of our neighboring states are considering the creation of similar funds, patterned on ours. terned on ours.

Gross Trading Mgr. of
Baumgariner, Downing
BALTIMORE, Md.—Eben J. D.
Cross III has been appointed manager of the trading department of Baumgartner, Downing & Co., Mercantile Trust Building, members of the Philadelphia-Baltimore Stock Exchange.

Probably our most active Committee in recent months was our Trust and Estate Law Committee. It was called upon to consider a wide range of subjects, particularly in the field of proposed legislation. While it did not sponsor the bills recently enacted by the Legislature amending the law against perpetuities in this State so as to remove the limitation upon the duration of trusts to two lives in being, it actively supported these bills after their in-Probably our most active Com-

The Fifth Annual Session of the Trust New Business School, contucted in Vanderbilt Hall at New York University, has just been vital factor in the enactment of the limited facilities are itself.

Because of the limited facilities are in the support which the committee developed was a complete distribution.

Perhaps the most concentrated activity not only of this Committee.

Perhaps the most concentrated activity not only of this Committee, but on the part of all of the officers of the Trust Division and of its members throughout the State, was inspired by grave concern as to the effect of two bills introduced in the Legislature this year. There is no room for doubt that, had these bills been enacted, they would have been very harmful indeed to trustees and the trust they would have been very harmful indeed to trustees and the trust business. The first bill would have required trustees of certain types of trusts to make elaborate annual reports to trust beneficiaries regarding any stock dividends received during the year. The bill would not only have imposed a tremendous burden upon trustees, but the data called for would have been largely meaningless to the beneficiaries to whom it was to be

directed, and, even more important, the bill completely failed to up with the munificent profit of reach the heart of the problem at approximately \$500 from this \$80,-000 project. However, the film stock dividends as between trust income and principal. The other stock dividends as between trust income and principal. The other bill would have required trustees to seek at ten year intervals a formal settlement of their accounts, usually by a court proceeding, for all trusts having a value in excess of \$100,000. This bill would not only have resulted in most unhappy customer relations but it carried a very real threat to the trust business because of its indiscriminating application. It would unquestionably have brought about the termination of many revocable trusts, and the transfer of others, both revocable and irrevocable, to trustees operating in a more favorable climate. Initially, the bills had a considerable measure of support, largely by reason of the cattons were not understood. The fact that their far-reaching impli-cations were not understood. The Trust Division called upon its membership throughout the State to make a concerted effort to point out to members of the Legislature the dangers inherent in these bills, and I am happy indeed to be able to report that they failed to pass.

#### Trust Promotion Film

I think I should make brief ref-I think I should make brief reference to the fact that we are about ready to close our financial accounts on our trust film, "So Little for Eve." This film was not undertaken as a money-making project, but as a tool for use by trust men in the promotion of trust business. In that respect it has proven very successful but has proven very successful but has proven very successful, but there were times when the fiscal outlook was pretty bleak. I am Municipal Bond Divison.

promoted by their work and the work of other members of the Trust Division. The Division is healthy, progressive and effective.

### Edgar Beaumont V.-P. Of E. Ray Allen Co.

CHICAGO, Ill.—Edgar S. Beaumont has become associated with E. Ray Allen & Co., Inc., 135 South La Salle Street, municipal bond firm of Chicago, as Vice-President, Ray Olson announced. Mr. Beaumont was formerly associated with Farwell, Chapman & Co. in Chicago as Manager of its

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

The offering is made only by the Prospectus.

NEW ISSUES

# **High Authority**

### **European Coal and Steel Community**

\$35,000,000

5% Secured Bonds (Eleventh Series)

Dated July 1, 1958

Due July 1, 1978

OFFERING PRICE 97% AND ACCRUED INTEREST

#### \$15,000,000

41/2% Serial Secured Notes (Twelfth Series)

Dated July 1, 1958

Due July 1, 1961-63

The Serial Notes will be sold in substantially equal amounts of each maturity.

Amount		Maturity	Offering Price
\$5,000,000	- 17, 22, 4	1961	99.72%
\$5,000,000		1962	99.64%
\$5,000,000		1963	99.56%
	(and	accrued interest)	 

Copies of the Prospectus may be obtained in any State only from such of the undersigned and others as may lawfully offer these securities in such State.

Kuhn, Loeb & Co. The First Boston Corporation Lazard Frères & Co. Eastman Dillon, Union Securities & Co. Blyth & Co., Inc. Glore, Forgan & Co. Goldman, Sachs & Co. Hallgarten & Co. Harriman Ripley & Co. Kidder, Peabody & Co. Lehman Brothers Merrill Lynch, Pierce, Fenner & Smith Smith, Barney & Co. Stone & Webster Securities Corporation White, Weld & Co. June 25, 1958

# Dealer-Broker Investment Recommendations & Literature

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

Atomic Letter (No. 38) on growth of civilian nuclear projects, Atomic Letter (No. 38) on growth of civilian nuclear projects, planned new uranium-milling capacity to be allocated by AEC, and developments affecting Algom and Pronto Uranium Mines—Atomic Development Mutual Fund, 1033 Thirtieth Street, N. W., Washington 7, D. C.

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

Canadian Market—Bulletin—Ross, Knowles & Co. Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Chicago Industry Expansion and the Future—Study—Blu Ellis & Simmons, 208 South La Salle Street, Chicago 4, Ill. -Study-Blunt

"Eligible Book"—Compilation of preferred and common shares listed on the Toronto and Montreal Stock Exchanges, considered eligible for investment by Canadian Insurance Companies—Cochran, Murray & Hay Limited, Dominion Bank Bullding, Toronto, Ont., Canada.

Fire & Casualty Insurance Company Stocks—Data on 44 selected companies—The First Boston Corporation, 15 Broad Street, New York 5, N. Y.

Fire & Casualty Insurance Stocks—1957 earnings comparison— Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Industrial Average Earnings Estimates—Data—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the circular are brief analyses of American Seating and Max Factor.

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

Kentucky Derby as an index of business trends—Graphic presentation—Tyrus R. Davis Company, Inc., Kentucky Home Life Building, Louisville 2, Ky.

Latest Field Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Manufacturers' Inventories—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif. Also available is a memorandum on Monterey Oil Co.

Market Prices-Analysis-Spencer Trask & Co., 25 Broad Street, New York 4, N. Y.

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

Petroleum Situation-Review-Chase Manhattan Bank, 18 Pine Street, New York 15, N. Y.

Stock Options—Booklet on how to use them—Filer, Schmidt & Co., 120 Broadway, New York 5, N. Y.

This Is Cyanamid—Booklet of information about the organization, products and activities of American Cyanamid Company and its subsidiaries—Public Relations Department, American Cyanamid Company, 30 Rockerfeller Plaza, New York 20,

Treasure Crest in the Growing West — Booklet on the area served—Utah Power & Light Co., W. A. Huckins, Business Development Department, Dept., 7, Salt Lake City 10, Utah. Which ASE Stock Group Broke the 1957-58 Recession Barrier—

Discussion in June issue of American Investor—\$1 per year—American Investor, American Stock Exchange, 86 Trinity

For Financial Institutions—

### **Quality Stocks**

The following—which we trade and position represent a few of many Over The Counter stocks with long dividend and earnings records and top-drawer management.

		- 1,21,21,	Y	rs. Cash
			D	iv. Paid
	PRODUCT			38
BAXT	ER LABOR	ATORIES	. INC	24
	PHONE CO			31
	VELL CORP			. 22
	SEARLE			22

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Place, New York 6, N. Y. Also in the June issue are analyses of Ebaseo Services, Giant Yellowknife Gold Mines, Ltd., General Development Corporation, and the new fur styles.

Yield and Appreciation Potentialities—List of eight stocks with no preferred outstanding—Herzfeld & Stern (William H. Gumpel), 30 Broad Street, New York 4, N. Y.

Arkansas Louisiana Gas Company-Analysis-Purcell & Co., 50 Broadway, New York 4, N. Y.

Atchison, Topeka & Santa Fe Railway-Report-Thomson & McKinnon, 11 Wall Street, New York 5, N. Y

Boston Insurance Company — Analysis — A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is an

analysis of Fafner Bearing Company.

City of Little Rock General Obligation Library Improvement
Bonds—Bulletin—W. H. Satterfield & Company, Boyle Building, Little Rock, Ark.

Combined Enterprises Limited—Analysis—Burns Bros. & Company Limited, 44 King Street, West, Toronto 1, Ont., Canada.

Connecticut General Life Insurance Company—Study—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Dresser Industries—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

First Bank Stock Corporation—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on Singer Manufacturing Co. and Lerner Stores Corp.

Illinois Central Railroad Co.—Analysis—Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y.
Interstate Motor Freight System—Memorandum—Wm. C. Roney

& Co., Buhl Building, Detroit 26, Mich. Also available are memoranda on Michigan Bakeries Inc. and Port Huron Sulphite & Paper Co.

Koehring Company—Report—Loewi & Co. Incorporated, 225
East Mason Street, Milwaukee 2, Wis. Also available are reports on Basic Products Corporation and Bank of America, N.T. & S.A. and a memorandum on Preway Inc.

Lone Star Cement — Analysis — Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Murray Co. of Texas, Inc.—Memorandum—Sanders & Co., Republic National Bank Building, Dallas 1, Tex.

National Lead — Bulletin — Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a bulletin on Merck & Co.

Pepsi-Cola General Bottlers, Inc.—Analysis—Straus, Blosser & McDowell, 39 South La Salle Street, Chicago 3, Ill.

Pubco Petroleum—Circular—Boettcher and Company, 828 17th Street, Denver 2, Colo.

Sunrise Supermarkets-Report-Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Tenney Engineering Inc.—Analysis—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Yale & Towne Manufacturing Co.—Analysis—Joseph Faroll & Co., 29 Broadway, New York 6, N. Y.

### G. M. Loeb Suggests Students Adopt Securities **Business As a Career**

E. F. Hutton partner advises touring University of Vermont students to consider the opportunities and possibilities of Wall Street as a future vocation.

Host, Gerald M. Loeb welcomed should "like the security business the "Economics of Capital Formabecause it is just plain fun—it is tion" Class of the University of challenging—it is rewarding. Vermont to the E. F. Hutton & "I think" he added, "it is fun

G. M. Loeb Philipp H. Lohman

Company's new brokerage office in New York City and talked briefly to the students about the securities business as a career during the first day, June 16, of their summer course.

their summer course.

The visiting group of students are participating in a six-week course dealing with the nature and operation of securities markets and security analysis, under the direction of Dr. Philipp H. Lohman, Chairman of the Department of Commerce and Economics, University of Vermont at Burlington, Vt., which is being presented in New York City as a joint venture of New York financial town the integrity is of venture of New York financial town the integrity is of the highest. People's money ranks very high in importance to them first summer program was held in 1950 and has been continued every summer thereafter.

Mr. Loeb told the students they

because every morning the curtain goes up at 10 o'clock on a new and constanly changing show. There isn't a dull minute. I think I started in this business about 1921 or 1922 and the first time I was able to tear myself away from the Everything that is important in the world is important to know in the security business.

"I think it is challenging be-

cause in the security business as much or more than any other you have to be good to succeed. There are plenty of pitfalls, practical and psychological.

"I think it is rewarding. In fact, it pays off in two ways. You get paid for what you do as you do
in any other business, except I
think success pays off more.
Secondly, you are dealing with
money and profits and if you have

tant. It creates a higher standard of living and it creates jobs but perhaps above all it contributes to our national safety.

"I think the security business is growth industry. We haven't a growth industry. We haven't been growing in all directions as much as we should but the potential is there and it will in potential is there and it will in time be realized. The great growth of mutual funds shows what a proper service and a proper sales point of view will do. There is no reason why this growth should be confined to just this one section of the security business. More and of the security business. More and more people are getting to know that currency fluctuates and that the most safety for savings lies in splitting between deflationary hedges like cash or dollar obligations and inflationary hedges such as equities. Neither always gives complete protection but they are for the best that can be done. Equities benefit from continued growth and prosperity. growth and prosperity.
"In conclusion," Mr. Loeb stated

"in your early years of work give yourself a chance and try to take your own measure. Don't especially look for a safe job or what is offered in pensions. Leave what is offered in pensions. Leave that to later in life. Shoot for the moon first and only after you have learned your limitations be satisfied to level out and stop try-

ing to climb.
"Also remember this—the more hours you put into it the less years it will be reaching your goal. You can accomplish in two years of a 60-hour week what it would take three years to do normally.

"I have obviously avoided a great many of the questions that will come to your mind because after all today is just the begin-ning of a course that will last six weeks and will include the most prominent speakers in Wall Street on every phase of the business. However, if you have any questions that you don't think will be answered in that course or where you want to know our point of view, I'll be glad to try and do the best I can."

#### COMING EVENTS

In Investment Field

June 27, 1958 (Detroit, Mich.) Bond Club of Detroit annual summer outing at Lakepointe Country Club.

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

une 27, 1958 (New York City) Syndicats summer outing at Nassau Country Club, Glen Cove, L. I., N. Y.

June 27, 1958 (New York City)
Municipal Bond Women's Club
of New York annual outing at
Morris County Golf Club, Convent Station, N. J.
June 27, 1958 (Philadelphia, Pa.)

Philadelphia Securities Association annual outling at the Overbrook Golf Club, Bryn Mawr, Pa.

June 28, 1958 (Chicago, Ill.) Security Traders Association of Chicago summer golf outing at the Woodridge Country Club, Lisle, Ill.

June 28, 1958 (Los Angeles, Calif.)
California Group, Investment
Bankers Association, Seventh
Annual Conference, at the Santa Barbara Biltmore.

uly 11, 1958 (Detroit, Mich.) Basis Club first annual summer outing at St. Clair Inn and Country Club, St. Clair, Mich.

Bond Club of Denver - Rocky Mountain Group IBA 24th an-nual summer frolic at the Co-lumbine Country Club.

# The Immediate and Longer Term In a very real sense, recessions perform certain necessary functions in a free and growing economy. They're not just unfortunate and avoidable accidents. To the contrary, they bring about needed readjustments in such elements as production investment, prices and sense, recessions in tax liabilities, has been operating to maintain private income after taxes. Thus, the so-called "built-in stabilizers" have helped in maintaining purchasing power and checking the decline in production and employment. At the same time, it is possible to maintain private income after taxes. Thus, the so-called "built-in stabilizers" have helped in mid-year. Thus, it is possible to maintaining purchasing power after taxes. Thus, the so-called "built-in stabilizers" have helped in maintaining purchasing power and checking the decline in production and employment. At the same time, it is possible to maintain private income after taxes. Thus, the so-called "built-in stabilizers" have helped in maintaining purchasing power and checking the decline in production and employment. At the same time, it is possible to maintain private income after taxes. Thus, the so-called "built-in stabilizers" have helped in maintaining purchasing power after taxes. Thus, the so-called "built-in stabilizers" have helped in maintaining purchasing power after taxes. Thus, the so-called "built-in stabilizers" have helped in maintaining purchasing power after taxes. Thus, the so-called "built-in stabilizers" have helped in maintaining purchasing power and checking the decline in production and employment. At the same time, it is possible to maintain private income after taxes. Thus, the so-called "built-in stabilizers" have helped in maintaining purchasing power and checking the decline in production and employment.

Vice-President Chase Manhattan Bank, New York City

Banker-economist reviews reasons believed to presage upturn in business activity before the end of the current year. Mr. Butler anticipates revival in business investment, after we bump along at present level, in new plant and equipment starting sometime in 1959—perhaps mid-year—and expects that the ingredients necessary for a full recovery will be in place by the second half of next year. Turning to longer-term prospects, the Chase Manhattan economist states we can achieve phenomenal growth in the years ahead and expresses full confidence in New York City's future prosperity despite its inability to share in nation's general growth in recent decades.

the next year. Then I'll turn Then I'll turn briefly to the longer - term economic outlook for our nation. Finally, I'll try to indicate what the significance of some of the general of the general e c o n o m i c trends may be for New York.



Before at-tempting to look ahead it is always useful to look at where

we are now and how we arrived at our present posture. As you all know, the nation is experienc-ing its third postwar recession in general business activity. The de-cline has already carried further than was the case in 1949 or 1953-54.
What caused the recession?

There is no simple answer. Recessions usually are brought on by a number of factors. Moreover, history shows that no two recessions are alike.

To see the basic forces that made for the current recession, bave to go back-almost four gues for some easing in the downyou have to go back-almost four years. When business emerged from the 1953-54 recession, and production rose rapidly, most businesses were short of capacity. Businesses were short of capacity. Businessmen set out to expand capacity not only to match the normal growth in the economy but also to provide some margin of excess capacity to handle peak demands. Thus, business investment in new plant and equipment rose 40% between 1955 and 1957, a dramatic gain.

However, sales failed to rise as expected. In the postwar period our economy has been moving ahead at an average annual growth rate of 4%, after allowing for price changes. Yet we did not achieve the 4% growth in 1956 or 1957. Most of the gain in dollar sales reflected inflation—consumer prices rose 6% between early 1956 and the end of 1957.

The lag in sales became increas-The lag in sales became increasingly apparent as we moved through 1957. The auto and housing industries had disappointing years. Exports turned down from the peak reached during the Suez crisis. And the government moved to reduce defense spending, and defense orders were cut 50%.

With sales lagging, and capacity With sales lagging, and capachy increasing, most businesses found that they had more excess capacity in 1957 than they had planned for. In addition, inventories were high in relation to sales. So businessmen set about to cut back capital expenditures and reduce inventories.

Actually, the shift from adding to inventories at a \$3 billion annual rate in the third quarter of

\*An address by Mr. Butler before the Realty Foundation of New Yok City.

I have set three major assign- last year to cutting them at a rate ments for myself on this occasion. of \$9 billion now accounts for I propose to deal first with the two-thirds of the decline in indusimmediate business outlook—say trial production. Up to now, this has been chiefly an inventory adjustment. Yet the more basic and intractable forces presented by the declines in business fixed investment and autos have also been at

#### The Leveling Process

With a massive inventory readjustment, and with declines in autos, plant and equipment, exports and Federal expenditures, it is no wonder that business activ-ity has been on the downgrade. The truly remarkable fact is that these forces have not led to a 50% in six months.

Moreover, the signs of a leveling in business are now beginning to appear. Retail sales, except for autos, have held up well. Despite the rise in unemployment, 95% of our families have as much or more income today as a year ago.
Government spending is slated to
increase from now on—this will
add to income and help provide.

gues for some easing in the down-ward pressures on the economy. Currently, we're using up goods at an annual rate \$9 billion greater than our production. So long as sales hold up, this rate of inventory liquidation can't last long. If the rate of inventory cutting slows down, new orders and production must rise.

The steel situation illustrates the point. A year ago steel inventories at all levels ran to some 26-28 million ingot tons. When production of autos, appliances and other steel-using items began to decline, steel inventories were clearly excessive. So purchasers cut back steel orders sharply and began to use up inventories. The steel operating rate sank below 50% of capacity—while steel consumption dropped to around twothirds of capacity. In the process, steel inventories have been cut in half. Orders have already begun half. Orders have already begun to pick up. And the steel operating rate should pick up rather sharply after Labor Day, and might possibly top 80% sometime in the fourth quarter of the year. In the same way, a general aboutface in inventory buying policies could help bring the decline in business to a halt.

#### The Adjustment Process

A leveling of the business curve, while most significant, would not mean an early end to the reces-sion. We still must work through readjustments in business invest-ment in new plant and equipment, autos, prices and inventories. The process of making these adjust-ments will take some months—so we may bump along at about the present level of production for as long as six months.

production, investment, prices and debt. In this manner they serve as a period of consolidation during as a period of consolidation during which the groundwork is laid for a renewed advance. One of our problems is to achieve the degree of economic maturity in our thinking that will permit us to accept such necessary adjustments.

At the same time, all groups in

the community must work to avoid the sort of unraveling of our economic affairs that charac-terized past periods of major slumps. Moderate recessions are necessary in our sort of an economy.

— but serious and prolonged recessions are not. They can be avoided if we pursue wise policies. By "we," I do not mean just the By "we," I do not mean just the government. Only one-fifth of our production and one-ninth of our jobs are provided directly by government. Private action—in terms of prices, better values in the marketplace, wage policies, research, credit policies—must play a major role in promoting recovery from a recession. very from a recession

However, government does have two responsibilities in a recession period. One is to ease money and credit. The other is to cushion the decline in private incomes.

In the current recession, the Federal Reserve has moved to a major downward spiral. The busimess recession, while already more
rates have already declined
severe than the relatively mild sharply, and the interest rate
downturns in 1949 and 1953-54, is structure is still under pressure.
still-far from as serious as such At the same time, the availability
past downturns as 1937-38—when of funds seeking investment has
industrial production dropped increased importantly. Thus, the money and credit to support a re-covery is being provided.

At the same time, the increase in unemployment insurance pay- end of the current year. This upments and old age pension pay- turn should be followed by a rements, together with the decline vival in business investment in

#### Forces Making for Recovery

However, our objective is not merely to achieve a leveling, an end to the decline. It is, rather, to promote a viable recovery. Economic growth is the normal situation in our nation—an extended period of stagnation would hose problems that might well be pose problems that might well be

termed intolerable.
What signs are there that we might achieve a recovery reasonably soon, say before year's end? In my judgment, the following factors could operate to produce an upturn in the business curve in the next six months.

- (1) The inventory adjustment will be completed, eliminating the heaviest downward drag on production. duction:
- (2) Private purchasing power will increase as some wage rates are increased, and as government expenditures on defense and pub-lic works rise;
- (3) An increase in consumer expenditures large enough to pro-vide a decline stimulus is a possibility. Efforts on the part of business to provide better values would play an important part in such a pick-up in consumer buy-
- (4) Housing should respond to easier credit, though a sharp rise seems unlikely. The marriage rate has dropped more than and older families may be re-luctant to move to new and more expensive quarters.

For these reasons, it is my personal opinion that business activity will turn up before the end of the current year. This upturn should be followed by a re-

new plant and equipment starting sometime in 1959, perhaps around mid-year. Thus, it is possible that the ingredients necessary for a full recovery will be in place by the second half of next year.

At the same time, it is possible—though not highly probable on the basis of present evidence—that the upturn will be more vigorous than most people expect. We'll have to see how the picture develops in the next few months before we can make dogmatic statements about the character and the strength of the recovery.

#### Longer-Term Prospects

To turn to the longer-term outlook, it seems to me that we in this nation face the opportunity to achieve an unparalleled economic growth and development in the decades ahead. Ours has always been a growth economy. In the long period from 1870-1930 total national output increased along an average growth trend of 3% per year. The upward path was not smooth and even—there were fluctuations around the trend. But growth was the dominant characteristic.

In the postwar period total production has been following a 4% duction has been following a 4% annual growth trend. At this rate of increase our gross national production could expand from last year's \$434 billion to \$642 billion by 1967—a rise of almost 50% in ten years. And I believe it should be possible to exceed that growth rate, if we adopt wise nolicies.

A program to encourage long-term growth is contained in the recent report issued by the Rockefeller Brothers Fund. This Report, prepared by a group of distinguished citizens, reviewed the social and economic problems the nation seems likely to face in the next 10-15 years. It recommended such measures to promote growth

Continued on page 31

This advertisement is neither an offer to sell nor the solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

# The Mansfield Tire & Rubber Company

\$5,000,000 4% Sinking Fund Debentures

Dated July 1, 1958

Due July 1, 1973

Price 993/4%

Plus accrued interest

#### \$2,511,400 5% Convertible Subordinated Debentures

Dated July 1, 1958

Due July 1, 1973

The Convertible Subordinated Debentures are being offered by the Company to the holders of its Common Stock for subscription, subject to the terms and conditions set forth in the Prospectus. The Subscription Offer will expire at 3:30 p.m., E.D.T., on July 10, 1958. The several Underwriters may offer Convertible Subordinated Debentures pursuant to the terms set forth in the Prospectus.

Subscription Price 100%

Copies of the Prospectus may be obtained in any state from such of the several Underwriters, including the undersigned, as may lawfully offer the securities in such state.

A.G. Becker & Co.

June 25, 1958

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# Growth of Consumer Credit and Legislation in New York State

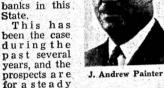
Chairman, Committee on Instalment Credit,
New York State Bankers Association
Vice-President, First National City Bank, New York City

New York Bankers' Instalment Credit Chairman reports on consumer credit developments and steadily increasing legislative interest in the subject in N. Y. State. The head of the Committee, Mr. Painter, draws interesting parallelism between growth of consumer credit and GNP, notes that peacetime selective controls are unnecessary for what has become "a force for economic stability and broad banking service at the community level," and expects the increasing volume of credit that will keep pace with economy's growth will require continuous program for education, self control and leadership to maintain public support and confidence.

The activities of the Instalment 000,000 on March 14, 1957, or Credit Committee, during the past about one-sixth of the national 12 months, have been centered total for commercial banks. chiefly on the study of legislation and proposals

for legislation, which directly or indirectly affect the handling of consumer credit by the commercial banks in this

been the case during the past several ears, and the prospects are for a steady



increase in legislative interest in the subject. The reason for this may be found in the pervasive use of instalment credit in our econ-

In a review of the recently published book, "The Affluent Society," by Professor John Kenneth Galbraith, of Harvard University, the "New York Times" reviewer, summarizing the author's views of our national economic problems, says (quote) "The second problem arises from a key method we use to finance an ever-growing demand for ever-growing production—namely, instalment credit."

### Paralleled Growth of Credit And GNP

Well, the facts are that instalment credit has grown with the economy, and vice versa. If ever there were a "which-came-first" problem, "the chicken or the egg," the relationship of instalment credit to the total economy is it.

Our gross national product which in 1952 was \$345 billion, in-creased to \$434 billion in the year 1957. During the same period, new extensions of instalment credit rose from \$30 billion in 1952, to

2 billion in 1957. This indicates a fairly steady relationship of comparable growth. relationship of comparable glowth, as the instalment credit extensions were about 9% of the gross national product in each of these two years.

As of April 30, 1958, instalment

credit outstanding nationally for all lenders totaled \$32,932.000,000; all lenders totaled \$32,932,000,000; while a year ago it was \$31,786,-000,000. This was an increase of \$1,146,000,000, as against an increase of \$2,362,000,000 in the pre-

crease of \$2,362,000,000 in the previous 12-month period.

Of these totals commercial banks held \$12,421,000,000 on April 30, 1958, and \$11,981,000,000 on April 30, 1957. An increase of \$440,000,000, as against an increase of \$996,000,000 in the previous 12-month period. The banks' share of the total was about 38% both

In the Second Federal Reserve District we learn, from the Federal Reserve Call Reports, that total instalment credit holdings, by member banks, were \$2,148,000,-000 on March 4, 1958, and \$2,030,-

\*A report by Mr. Painter to the 62nd Annual Convention of New York State Bankers Association, Lake Placid, N. Y., June 11, 1958.

### Place Time Selective Controls Not Advisable

Last year, we noted that the Federal Reserve Board, after an exhaustive study of consumer in-stalment credit, at the direction of President Eisenhower, con-cluded that special peace-time au-thority to regulate consumer inthority to regulate consumer in-stalment credit under selective credit controls, such as the former Regulation W, was not then advis-Regulation W, was not then advisable. I mention this because there has been no occasion, since that report was made, to review the conclusions reached. As a matter of fact, in the present period of recession, there are, in many quarters, strong urgings that a broadcasting of instalment credit and an easing of terms, would be an aid to economic recovery.

However, it has been well demonstrated that there are built-in safety controls which have helped instalment credit develop and mature into a sound, integral part of the economy. It has become a force for economic stability and broad banking service at the community level.

There is ample evidence that the commercial banks of New York State are actively and soundly providing this important banking service. To assist in accomplishing that result, several months ago the Instalment Credit Committee proposed and distribmonths ago the Instalment Credit Committee prepared and distributed a leaflet entitled "What You Should Know About Consumer Credit and Instalment Loans." One hundred copies were distributed free to each member bank, with an arrangement for overprinting the bank's name on larger quantities at low cost for general distribution purposes. The response to date has been very gratifying. However, it is possible distribution purposes. The response to date has been very gratifying. However, it is possible gratifying. However, it is possible for more banks to take advantage of this opportunity to publicize commercial banks' interest in protection to the consumer, and the availability of sound financing arrangements for personnel loans and the purchase of consumer durable goods, by distributing copies of the leaflet.

#### Credit Protection for Consumers

With regard to legislation, reported last year on the bills passed at the 1957 session. One such law, so-called the "all goods" such law, so-called the "all goods" bill, established ceiling rates on credit service charges on retail instalment sales and financing of services and goods, other than motor vehicles. This act did not become effective until Oct. 1, 1957. Nevertheless, it was amended substantially in 1958. This was a quick trip back to the Legislature. It is indicative of the continuing legislative interest, and the concern of administrative and regulatory authorities — as well as the tory authorities—as well as the retail credit industry's own interest in self-regulation — that the "rules of the road" for maximum protection for the consumer should be clearly defined.

Because of the extent and im- Wilkes & Co.

portance of the bills passed at the 1958 session of the Legislature, the Instalment Credit Committee has prepared a summary of those acts for distribution to members. Copies of that summary, as a supplement to this report, also are available at this convention.

Some of these laws already have become effective, and others have later effective dates, such as July 1, September 1 and October 1.

#### Credit Life Insurance Legislation

Your attention is particularly directed to the bills relating to the handling of credit life insurance on consumer instalment credit transactions. The Superintendent of Insurance has new responsibilities under this legislation, which will become effective October 1. We may anticipate that applicable regulations and explanatory material will be available in adequate time to aid in compliance. It is a progressive step for New York State to enact such legislation in an area where there has been much doubt, confusion, and reports of abuses elsewhere in the country.

Your Chairman has represented the Association on an advisory committee to the Division of Concommittee to the Division of Consumer Frauds and Protection in the office of Attorney-General Lefkowitz. The Attorney-General has taken prompt action against mal-practices in retail trade. The new so-called "bait advertising" bill to prevent misleading advertising, should aid in abolishing practices that discredit the entire retail sales industry. retail sales industry.

#### Credit Clinics Popularity

Last October, we held our sixth annual consumer credit clinic in Albany. It established a new attendance record, and provided an opportunity to review current matters of interest to bankers and others, relative to the handling of others, relative to the handling consumer instalment credit by commercial banks. The next clinic is to be held in New York City, at the Hotel Commodore, October 23 and 24. In addition to the officer directly responsible for in-stalment credit at each bank at-tending this clinic, we strongly urge that other senior officers, not necessarily connected with the so-called retail services of the bank, enroll for the day-and a-half program.

As the economy works upward from present levels to unprecedented heights in the next several years, a substantial and healthy volume of consumer instalment credit will play an important part in that development. The com-mercial banks of New York State mercial banks of New York State will require a continuing program for education, self-control and leadership, to maintain a high level of public confidence and support by performing soundly for the good of the general welfare as benefators.

This report would not be complete without an expression of thanks—for assistance to the committee in its work—to Al Muench, Bob Watts, Jack Macklin and the office staff, and the general support of Leo Dorsey, counsel to the Association, for his help in legislative matters lative matters.

Also, on my behalf and yours, thanks to the officers of the Association, and the members of the Instalment Credit Commission and their attorneys who have assisted in the work of the committee during the past year.

It has been a pleasure and a privilege for me to serve in this capacity these past several years, and I am confident my successor will exceed any records established to date, many fold.

#### Forms R. D. Wilkes Co.

NEW BRUNSWICK, N. J.—Robert D. Wilkes is engaging in a securities business from offices at 1379 Hamilton Street under the firm name of Robert D. Wilkes & Co.

## From Washington Ahead of the News

■ By CARLISLE BARGERON ■

Now, when I say there is a relation between Sherman Adams' vicuna coat and the crisis in Lebanon you will think that is absurd but hear me out. In 1938, Roosevelt the Great was confronted with a domestic

political problem similar to that now confronting Eisenhower. While on a trip to the Far West, Higo Black, whom Roosevelt had ap-pointed to the Supreme Court, had admitted that he had been a member of the Ku Klux

Klan.

Roosevelt knew that when he returned to Washington he would have to face some 200 newspapermen on this question. As he came into Chicago to make a major speech, the late Harold Ickes boarded the train and sold him on an idea to take the heat off the Black episode. The President's speech at Chicago had already been passed out to the newspapermen accompanying him, of whom I was onto

men accompanying him, of whom I was one.
It was a very commonplace speech.
Ickes got him to change his first para-

Ickes got him to change his first paragraph to demand that the aggressor nations be quarantined. From Roosevelt, the isolationist, this was his first warlike utterance. Up until this time his attitude had been that the wily European politicians had hornswiggled Woodrow Wilson into European affairs. They would never do it to him. Now, he had pitched headlong, much to the consternation of his closest advisers, into the European maelstrom.

Carlisle Bargeron

Well, as Ickes had foreseen, it took the spotlight off Hugo Black. When Roosevelt returned to Washington the correspondents

were interested in bigger things,

Now, take the Korean fiasco. There is every reason to believe
that our entrance into that was an impulsive move caused by the fact that the Truman Administration was chafing under Republican attacks that it was pro-Communist. Only a few months before Secretary of State Dean Acheson had announced to the world that Korea was outside our perimeter. For weeks after our entrance, Acheson's stooges would be around the National Press Club arguing that our imbroglio disproved the charges that Acheson

was friendly to the Reds.
"Why, he was the main pressure for our entering Korea," they
would contend. "It shows he was not friendly to the Communists."

It was an awful way to show it.

Now we come to Mr. Adams and his vicuna coat. His traducers intend to keep after him. President Eisenhower has said the matter is closed with him, that he has complete confidence in Adams and needs him.

But the President can't close the matter up. There will be attacks in Congress, on the part of both Republicans and Democrats, to the tune that Adams must go. The newspapers will keep up a continual harangue. Investigators of the House Committee on Interstate and Foreign Commerce are still trying to rake up more stuff on the hapless No. 2 man in the Government. There is general agreement in political Washington that sooner or later Adams will have to resign.

Well, what better way is there to get Sherman off the hook, out of the headlines, than to land military forces in Lebanon? The headlines would immediately become focused on that event and Sherman would become forgotten about.

It so happens that it looks that landing troops in Lebanon is exactly what we are going to have to do. And far be it from me to suggest that our Government would do that just to erase Sherman Adams from the public mind. But it will be an added incentive to political minds, and political minds generally believe that the end justifies the means.

It would be no different from what Roosevelt did in the case of Hugo Black or what the Truman Administration did in the case of Korea. Indeed, I can see far more justification of our intervention in Lebanon. You can hardly see that we can escape it. But let's put it this way: Our intervention would certainly get Sherman out of the headlines and without something like this Lidov't can out of the headlines and without something like this, I don't see how he can ever get out, unless he resigns.

### Albert R. Yeatts Joins Amott, Baker & Co.

PHILADELPHIA, Pa. — Albert R. Yeatts, Jr., has become associated with the Philadelphia office of Amott, Baker & Co., Inc., 1420 Walnut Street, as a Registered Representative. Mr. Yeatts was formerly with Langley - Howard, Inc., and prior thereto with First Securities Co.

### Harry Schaub, Inc. 25th Anniversary

NEWARK, N. J,—Harry P. Schaub, Inc., 744 Broad Street, is celebrating its 25th anniversary.

#### A. M. Kidder Co. Adds

(Special to THE FINANCIAL CHRONICLE) ST. PETERSBURG, Fla.-Frank S. Smith has been added to the staff of A. M. Kidder & Co., Inc., 400 Beach Drive, North.

### **Verner Kraft Draws** Third Oueen

Verner Kraft, Vice-President of Oscar F. Kraft & Co., Los Angeles, announces that he and his wife Jennie are the proud parents of a daughter Tamra, to be called Tammy, born June 16, 1958. Tammy is the Kraft's third

#### Beil & Hough Add

(Special to THE FINANCIAL CHRONICLE) ST. PETERSBURG, Florida John W. Deitz has been added to the staff of Beil & Hough, Inc., 350 First Avenue, North, mem-bers of the Midwest Stock Ex-

#### Joins Sills & Company

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Nellie S. Gomez has joined the staff of Sills & Co. Ingraham Building.

### **Investment Aspects of** The Paper Industry

Mr. Moise considers the investment aspects of the paper industry with particular attention paid to the New England region, and expresses optimism about the long pull. The Blyth official directs attention to two objective, expert forecasts predicting faster growth in paper consumption than the rate of population increase; surveys average return on net invested capital; notes major problem to be overcome; and expects New England firms to hold their position in national competitive race.

framework for my discus-sion came to hand ready-made in a statement by Mr. John Hin-man, Chair-man of Inter-national Paper Company be-fore that com-bany's recent pany's recent Annual Stockholders' Meet-



He said "We are a service industry and we are usually among the first to be affected by a down-

the first to be affected by a down-turn and among the first to re-spond to any upturn."

I would say that the investment aspects of the paper industry are influenced greatly by the service aspects and the economic aspects to which Mr. Hinman has referred.

For some years economists have remarked on the steadily rising share of personal expenditures absorbed by the service industries as compared by the service industries as compared with expenditures for the more tangible necessities like decline in their own industries. food, housing, and clothing. Services include such things as electricity, water, telephone, education, recreation, transportation. tion, recreation, transportation, medical attention, cultural pursuits and governmental activities. It is generally characteristic of services that they have small unit costs, are massive in coverage, repetitive in nature and are re-usable only by repurchase.

Think of paper not as a commodity but as a service. It conveys the printed word; it cleans, drys and protects; it packages everything from toothpaste to groceries to refrigerators; and once used, it is destroyed or discarded. Every one is served by carded. Every one is served by paper every day and yet the price for all paper and paperboard aver-ages only about 15 cents per pound—\$62 for all the paper you use in a whole year.

#### Dips Are Not As Deep

Like other services in the economic structure, paper use tends to resist the more severe portions of any general business decline. It is true that sales of the mills turn down early in any business recesdown early-in any business reces-sion due to the existence of large inventories at all commercial levels. Consumers, merchants and converters can live off their in-ventories for short periods and can make do with low inventories while mills appear to have excess manufacturing capacity. But real consumption of paper declines much less than in such heavy industries as steel, lumber and genders. eral manufacturing: So when other business indicators show eyen a little new life, the users of paper begin to restock and mill produc-tion schedules can jump from 85% of capacity to 95% in a short time. This has occurred in the early parts of past business recoveries.

\*An address by Mr. Moise before the New England Council, Whitefield, N. H., June 12, 1958.

At the outset I want to make it clear that the word paper will be used to include pulp, paper, nation, seeks to place funds in paperboard and their converted industries that have strong historical growth trends, are strong in the prevailing economy, show good promise of continued growth good promise of continued growth and have demonstrated a capacity to earn an attractive return on invested capital. Paper meets these requirements more than most other industries.

Paper making has been called the fifth largest and the third fastest growing industry. Trends of production and consumption, or production and consumption, both in totals and by per capita measure, are phenomenal and always startling to review. Two hundred pounds of paper and paperboard per capita were used in the United States in 1927, just 30 years ago—then 250 pounds in 1937, '340 in 1947 and 413 pounds per capita last year. With average price of 15 cents a pound and total cost \$62 per person, there certainly is no economic limit on consumption. Aggregate consumption in 1957 declined 314% from 257. tion. Aggregate consumption in 1957 declined 31/4% from 1956 and in the first quarter of this year there was a further decline of 4¼%. The industry is currently operating around 87% of capacity. I think most businessmen who are

In business forecasting it is comforting to be able to cite authorities who are eminent, knowledgeable and unbiased. Such are available for the paper industry in a U. S. Department of Commerce study published in June of 1957 and in a new review of pre-vious forecasts from Stanford Research Institute which became available in April of this year. Both studies were completed after the current recession had set in. Yet both agree on United States consumption of about 49 million tons in 1965 which is 40% higher than the 35½ million tons consumed in 1957. That would be an average rise of 5% per annum and is nearly three times the individual. is nearly three times the indicated rate of population increase.

rate of population increase.

Anything like that growth is certain to bring more expansion, employment and profits to the pulp and paper industry of New England. Fortunately, your timber resources will support more capacity and you have some advantages of proximity to large eastern markets as compared with mills in the south and far west. Also you have ingenuity and an awareness of the value of research. Paper is a profitable industry.

awareness of the value of research. Paper is a profitable industry. For a number of years, average return on net invested capital has been 10% to 12%. Last year the 14 companies with sales over \$100 million averaged 10.7% return on net worth. In New England, eight companies, all under the \$100 million class, but substantial in size, averaged 8.5% return—not as good as the big national companies but still quite respectable. Three New England companies exceeded the England companies exceeded the 10.7% average of the big fellows. They were Dennison and Keyes Fibre and Nashua, companies which apply that famous Yankee ingenuity to the making of spe-cialty lines which the whole country buys.

Notwithstanding optimism for the application of more research the long pull, one cannot be enand ingenuity. To members of tirely complacent over the fact other industries, let me say that that for the first quarter of this the 538 manufacturers and conyear, with a very small drop in verters of paper and paperboard sales, the big \$100 million comin the six New England states will people a proported a decline of \$200. the long pull, one cannot be entirely complacent over the fact that for the first quarter of this year, with a very small drop in sales, the big \$100 million companies reported a decline of 23%

#### One Major Problem

There is one major problem. Full New England participation in this projected expansion will reduire a proportionate share of the huge capital required. It takes nearly \$2 of investment in new plant to make \$1 of annual sales. Investment funds tend to flow in channels promising the best rates of return. In that one respect, the New England paper industry has fallen behind the national average. Transportation alone, which amounts to one-eighth the cost of making paper, for freight in-andout of the mills needs constant improvement with better and more recognical services. You are well economical services. You are well aware of the many other problems including labor productivity and

in, good to have in your community and a good place to invest your money. I am somewhat your money. I am somewhat familiar with the investment policies of the professionals who direct investment of the billions in New England banks, insurance companies and investment trusts. They like the paper industry.

To those of you who are in the industry I advise confidence, and

panies reported a decline of 23% handsomely repay all the help and in their net income and the larger assistance you can provide to cre-New England companies, as a ate a healthy economic climate for group, had a 33% decline in net. growth and development.

#### Joins Goldman, Sachs

(Special to The Financial Chronicle)

BOSTON, Mass. — Michael J. Lenahan has joined the staff of Goldman, Sachs & Co., 75 Fed-

#### Joins Stone & Webster

(Special to THE FINANCIAL CHRONICLE)
BOSTON, Mass. — Albert H. Peek has joined the staff of Stone & Webster Securities Corporation, 49 Federal Street. He was for-49 Federal Street. He was for-merly with Hayden, Stone & Co.

#### Garrett With Nolting

(Special to THE FINANCIAL CHRONICLE)

FT. WALTON, Fla.-James R. Garrett has become associated with Nolting, Nichol & Co. of Pensacola. Mr. Garrett was formerly local manager for Federated Investors, Inc.

### Syracuse Banker Elected President of New York State Bankers Assn.

The 62nd Annual Convention honors Crandall Melvin, President of Merchants National Bank & Trust Co. of Syracuse.

Crandall Melvin, President, The Merchants National Bank & Trust Company, Syracuse, was elected President of the New York State Bankers Association at its 62nd Annual Convention, held in Lake Placid, N. Y., June 12. He succeeds Richard S. Perkins, Vice-Chairman, The First National City Bank of New York; Chairman, City Bank Farmers Trust Company, New York City.

J. Henry Neale, President, Scarsdale National Bank and Trust Company, Scarsdale, was elected Vice-President; and Howard N. Donovan, President, Bank of Jamestown, Jamestown, was elected as Treasurer.

The Bankers of New York State also elected four men to its governing body, the Council of Administration, for three year terms:

Arthur S. Hamlin, President, Canandaigua Crandall Melvin, President, The Merchants National Bank &

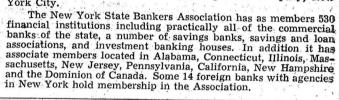
Arthur S. Hamlin, President, Canandaigua National Bank and Trust Company, Canan-

daigua.
A. Leonard Reid, President, Mohawk Na-

A. Leonard Reid, Fresident, Monawk National Bank, Schenectady.

Dey C. Demarest, Vice-President, Bellport
National Bank, Bellport.

George A. Murphy, President, Irving Trust Company, New





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

The offering is made only by the Prospectus,

\$12,000,000

## Central Illinois Light Company

First Mortgage Bonds, 4% Series due 1988

Dated July 1, 1958

Due July 1, 1988

Price 100.874% and accrued interest

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

HALSEY, STUART & CO. INC.

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FREEMAN & COMPANY

McMASTER HUTCHINSON & CO.

RAFFENSPERGER, HUGHES & CO.
F. S. YANTIS & CO. F. S. YANTIS & CO.

STIFEL, NICOLAUS & COMPANY MULLANEY, WELLS & COMPANY

PATTERSON, COPELAND & KENDALL, INC.

## The Effects of Automation

By JOHN K. HODNETTE\*

Executive Vice-President, Westinghouse Electric Corporation Pittsburgh, Pa.

Lack of automated industrial facilities may be one of the major contributing reasons for our present recession, Westinghouse executive maintains in pointing out automation cannot be blamed for the recession and that we desperately need it to 'survive" as a trading nation, military power, and answer the problem of expanded capacity, rising costs and declining pro-duction. The author believes much of American industry is not ready yet for automation and needs, now, more routine "mech-anization," more efficient use of the less expensive and commonplace machines and concepts. Avers automation is no threat to jobs and that, instead, it is the opposite, and explains how a growing region like the South can benefit from it.

many definitions. Some people niques such as strip-feeding, consay automation is simply another veyorizing, and other use of mech-

of production - something we have been doing for a long time under the name "mechaniza-tion." Other people insist on complex explanations filled with wordslike "servo-mechanisms,"
"feedback," "closedloop control."



John K. Hodnette

But whatever the definition-and in whatever part of the country the techniques are used — the over-all effects of automation can be described in one word. The word is good.

#### Five Elements Required

The effects are good because automation does good things for production. It does good things with the five "elements" industry must use in turning out goods and

Take, for example, the element of time. We are all strictly rationed in our supply of it—there is nothing we can do to increase the available amount beyond 163 hours a week. But we can accomplish more in the short outliness the short in th hours a week. But we can accomplish more in the time we have, and that is what automation enables us to do. In mechaniza-tion, the speed of production is limited by the speed of the operator of the machine. In super-mechanization, or automation, the speed of the machine is limited only by its own operating characteristics. This means simply that more goods are produced in a given unit of time.

Second, consider the element of space. Automation requires far less processing space per unit produced. Inventory of goods-inprocess is cut to a minimum.

materials. Automatic manufacture makes possible continuous inspection and testing, both of the materials in process and of the components in final assembly. That means more uniform end-product of a higher quality.

Fourth there is the element of money. Automation often requires a tremendous capital investment, and its maintenance costs tend to be high. But where automation is properly applied to a suitable product or process, unit produc-tion costs can be greatly lowered sometimes sensationally low-

For example, major savings can be made in the handling of ma-terials. One of the first rules of industrial production is that every time you move materials, you in-crease their cost without increasing their value. Some estimates place the cost of handling materials at almost one-third the cost

\*An address by Mr. Hodnette before to Conference on the Economic Future the South sponsored by the Southern esearch Institute, Birmingham, Ala.

Automation is a word that has of the finished product. Techname for improving the methods anisms for positioning and removing parts greatly reduce this cost.

manpower. With continuous automatic production there comes a re-duction of man-hours worked per

#### Reduces Costs and Makes Jobs

Here I would like to face squarely up to the facts. This is the nub of the problem as it con-cerns the general public. This is what the world thinks of first this reduction in labor costs — when it hears the word "automa-

But automation is seldom credited with one of the greatest benefits it confers on men. Automation makes jobs. It creates far more jobs and many more skills than it displaces.

Now where this fact is recog-Now where this fact is recognized, it is recognized mostly in terms of the long, slow pull. That is, many of those who recognize this general idea will concede that

automation is making jobs now, in the short run. The immediate job-benefits of automation—aside from all its other benefits to our standard of living—are very real, both in new industries and in cstablished industries. Now in general, of course, im-

proved operations and technological change do displace jobs, com-panies, and whole industries. They always have — since long before Mr. Delmar S. Harder created our new word to describe a new advance of technology. Back in the early eighteen hundreds in Engand, the economist David Ricardo spoke of "That portion of incon-venience which in most cases at-tends the removal of capital and Third, there is the element of labor from one employment to another.

> Let me recall that wagon making was once a leading industry in the South. Also, that a mere ten decades ago there were some 10,000 charcoal burners in this country. Both industries are gone now. But the jobs lost have been replaced many times over on the automobile assembly line and in the by-product coke plant. Actu-ally, the fastest and severest job ally, the fastest and severest jon displacement comes where a company's costs are too high and, rather than do anything about it (of which one thing might be the introduction of automatic processes) esses), the company surrenders its market to a lower-cost pro-ducer. These ups and downs are the characteristics of a dynamic, changing and growing economy. The main trend is up — and as someone has said, our "downs" are better than most people's "ups."

today is a \$9 billion industry— an industry built largely on those developments commonly associated with automation. It is providing some 1,700,000 jobs, three-fourths of which did not exist ten years

ago.
There are now some 3,800 companies making instruments and controls—the activating and sens-ing devices of industry. This is a \$5 billion industry. McGraw-Hill's Economics Department has esti-mated that the production of controls alone will grow 70% by 1960 and 200% by 1970, the fastest rate of growth of any U. S. industry.

I would like to take a look at what automation has achieved in

one of our plants. It could be the new transformer plant at Athens, Georgia, or the new meter plant at Raleigh, or the industrial light-ing plant at Vicksburg, since al of these are modern and highly automated installations. But I am nisms for positioning and removthinking in particular of our lamping parts greatly reduce this cost. plant at Bloomfield, N. J. I Finally, there is the element of choose it because this is a plant and a product where automatic manufacturing has a history of several decades: because the manduction of man-hours worked per several decades; because the man-unit of production. That means an ufacturing process is an extremely increase in productivity for those workers who remain on that par-ticular operation.

The man-ufacturing process is an extremely complex one, involving assembly of such widely different materials as glass, metals, and gas; and be-cause Harvard Business Schools' lecturer on automation, James R. Bright, made a detailed study of the plant for his recent book, Automation and Management.

Just before 1920, approximately ten operators produced about 200 light bulbs per hour at Bloomfield —and that was considered good.
Today, employees feed materials
into hoppers and the machines do
just about everything else—basing, inserting, exhausting, sealing, inspecting, testing, and packaging. The bulbs come off the line at the rate of so many thousands per hour that I'm afraid you wouldn't believe me if I gave you the fig-

To quote the conclusions of Mr. Bright: "Net employment has not been reduced in the Westinghouse Lamp Division in spite of automation. The number of salaried and hourly paid employees in this di-vision has grown from 2,762 in 1939 to 7,759 in March 1955 is an increase of over 180% 1955 This

"The product (still quoting) is about 170% more efficient in light-producing ability with the same amount of power consumption. The 1955 60-watt lamp sells for roughly one-tenth of the cost of the World War I 60-watt lamp. This price does not take into account the depreciation of the lar over these years, which makes this cost reduction achievement even more striking. The individ-ual worker of 1955 turns out about 17 times as many lamps daily as he did at the time of World War I. Employment in the Westnghouse Lamp Division has climbed in spite of this steady progress toward automaticity and increased productivity.

I have not heard anyone suggest that we return to the lamp manufacturing procedures of 50 years ago in order to make more jobs, but if we did, that 60-watt lamp would cost you about \$4.10 instead of 21 cents of 21 cents.

The fact is that automation has other important effects on man-power which should not be overlooked. Automation generally means an improved working en-vironment. The work is safer. Dull, Physical effort is reduced. hard and dangerous work is taken off the backs of men and transferred to the machine. Human labor, in short, is up-graded. And some work which is beyond the scope of human performance—at high temperatures, for instance, or at high pressures, or in radioactive areas-is done by machines under automatic control.

automation for almost any diffi- ding along, using what they have culty we happen to encounter, "always" used, doing what they either as individuals or as a na- have "always" done. If they only tion. A few weeks ago I heard a realized it, they could change young man talking about his un- their ways and cut their expenses employed brother-in-law and here, vastly. And, to repeat, I'm not so help me, word for word, is what he said. "The guy had plenty of work on the steam locomotives, but these diesels run for years without ever coming into the back shop for repairs. Man, this automation is tough."

This tendency to make a scape-goat of automation is particularly strong at the present time, and it is likely to be more so in the near future. As you no doubt have heard down here, the rest of the country is undergoing a business decline.

There are complex reasons for this decline, but I want to say most emphatically that automation

out, lies in more and faster improvement in our ways of doing and making things. Let me try to explain what I mean.

We have expanded our producwe have expanded our produc-tion facilities tremendously since World War II. Our economy is-now faced with the problem of ad-justing to this vast expansion in capacity. The problem is aggra-vated by the fact that although production, sales and profits have fallen, costs and prices have been rising. It is now estimated that employment costs per man hour will rise nearly 6% this year. It is the New York will rise nearly 0 to this year. The no wonder that the New York "Times" has called this the business decline with a split person-

It is up to industry to do what it can to return costs and prices to a more normal, free market relationship. Industry can use various means to correct the im-balance. The bargaining table is more than productivity. Another is research and development—the enormous economic forces the cnormous economic forces generated by discoveries in the laboratory. Still another means of correcting the imbalance lies in the field of new concepts of mar-

keting.
But the basic problem is one of lowering the cost of production. The quickest, most effective way to stimulate sales is by keeping prices just as low as we possibly can in the face of rising costs. And the best way to do that, in the situation that exists, is to use better machines and methods to improve operating efficiency.

This is why I say that more and

faster automation — wherever it can be economically and practically applied — is one answer to the problem of expanded capacity, rising costs, and declining produc-

#### U. S. Industry Not Ready Yet

That brings up another point. A child has to learn to crawl before it can walk, and to walk before it can run. American industry is certainly no child, but in some respects, the fact is that much of American industry is not ready for the never-never land of full a u t o m a t i o n — the pushbutton warehouses and the factories that are operated by a tape punched full of marketing data. What these segments of industry need now is simply more of the routine "mechanization," more efficient use of the less expensive and commonplace machines and concepts.

their ways and cut their expenses vastly. And, to repeat, I'm not here proposing that they each install a \$10 million automated assembly line.

#### More Electric Power as First Step

One of the most obvious first steps for such companies would be to supply themselves with enough electric power. It may surprise you, but power equipment in American industry is not nearly what it should be. Last winter we made a survey of 550 major manufacturing plants. The results, which appeared in "Fortune" magazine in February, were star-

These plants were large enough is not one of them. We must not blame this recession, or any part of it, on our improved technology. If we do that, and act accordingly, we are in for some really serious trouble.

The fact is that we have too little automation rather than too much, and this deficiency appears to have been one of the major contributing reasons for the present recession. Furthermore, the best long-range hope for getting out of the decline, and staying out, lies in more and faster imformation is necession. Such as the plant's electrical requirements. And yet, every one of the plants that replied to the survey had inadequate main transformer capacity for the loads needed, based on 10-year growth. Fifty-two per cent had low incoming voltage. Eighty-five per cent had no automatic 10 a d r a t i o control. Eighty-nine per cent had no main substation bus protection. Ninety-out, lies in more and faster imformation for the major is accordingly, and yet, every one of the plant's electrical requirements. And yet, every one of the plants that replied to the survey had inadequate main transformer capacity for the loads needed, based on 10-year growth. Fifty-two per cent had low incoming voltage. Eighty-five per cent had no automatic 10 a d r a t i o control. Eighty-nine per cent had no main substation bus protection. Ninety-out, lies in more and faster imto afford an engineering staff in four per cent were not taking advantage of the latest, most effi-

vantage of the latest, most efficient lighting techniques.

That, as I say, is the situation in many of the country's major plants. What is it like in the medium - sized and small plants?

American industry is grossly under-powered — that's the answer. The dream of automation will remain forever a dream unless kilomain forever a dream unless kilowatts are welcomed into the fac-tories. This is why the electrical industry has been using the slo-gan "Power - Up" to persuade American industry to attain more

American industry to attain more efficient production.

Fortunately, electrical manufacturing has produced a revolutionary technical breakthrough in the past few years in one key area of automation. I refer to the development of control systems composed of static switching circomposed of static switching circuits. The moving parts of conventional relay systems are complex, hard to maintain, and wear out after opening and closing some hundreds of thousands or millions of times. The static systems, on the other hand, consisting of magnetic amplifiers and solid-state devices, have no moving parts, make and break a circuit billions of times without wearing out, and require almost no maintenance. In our opinion, this development is to automation what welding was to shipbuilding tellipter propulsion to aviation ... and the digital computer to accountthe digital computer to accounting. It lifts the ceiling right off the possibilities of what intelligent, ingenious and determined men can do with power-driven machinery that controls and regulates itself.

lates itself. The most important effect of automation is one that I have not yet referred to at all. It is not the fact that automation will create more jobs than it displaces—not the increase in our standard of the increase in our standard o living it will bring—not the im portance of automation in making up for the shortage of labor we will face in the 1960's.

#### Survival Effect

The most important single effect of automation is bound up in the word survival. If we are to compete as a trading nation — i compete as a trading nation—i we are to survive as a militar, power in a dangerous world—then we must call on every benefit and resource that automation—can give us. We have no choice at all in this matter. Companies and in dustries must be encouraged to modernize—to mechanize—to automate. Their people must be someone has said, our "downs" under automatic control.

are better than most people's

"ups."

Automation Cannot Be Blamed

Electronics Industry's Benefits

Despite all this evidence, there production machinery and methors and common dustries must be encouraged to modernize — to mechanize — to modernize in the united States, the plants in the United States, the production machinery and method of automation. If we find our ods used are, to be blunt, out of selves hesitating in this course date. These companies are plod- we might ponder the challeng flung at us not so long ago. Nikita Khrushchev said: "We declare war on you. We will win over the United States. The threat to the United States is not in the intercontinental ballistic missile, but in the field of peaceful production." the field of peaceful production. We are relentless in this, and we will prove the superiority of our system."

The point here is that automaand install over night. It is, rather, a whole way of industrial life. It must be developed slowly, laboriously, through years of experience. What we are learning now in the continuous automatic proin the continuous automatic production of kitchens and chemi-cals and kilowatts can be quickly adapted in an emergency to the continuous production of military equipment. If we do not build up the vital, habit-forming experi-ences of automation in time of peace, we certainly will never be able to develop them in time of

#### Applies to the South

In conclusion, I would like to point out that everything I have said about automation and its benefits applies in equal measure to the South or any part of the country. I imagine that is why Tom Martin asked me to speak on "The Effects of Automation" rather than on "The Effects of Automation in the South."

However, we do know that automation favors any region that is growing industrially, that is attracting industry, that is building plants and installing new equip-ment. The South is certainly Number One in the nation in this re-

The South now has 22% of the nation's manufacturing facilities. An extraordinarily high percent-age of those facilities are new are based on technological discoveries of the past few decades. I have read that of the 250% increase in per capita income in the South since 1939, at least one-half can be attributed directly to the application of research to the conversion of southern resources into the products needed by the econ-

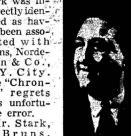
In short, automation in the next 25 years will help the South to take care of those 50 million consumers who will be clamoring for jobs, or goods, or both, in 1973.

#### CORRECTION

In the "Financial Chronicle" of June 19, in reporting that Eugene Stark, for many years in the investment business had passed

a way, Mr. Stark was incorrectly iden-tified as having been associated with Bruns, Nordeman & Co., N. Y. City. The "Chronicle" regrets this unfortunate error. Mr. Stark, of Bruns, Nordeman, in-

forms us that



he is very far from moribund. He has been associated with Bruns, Nordeman & industries).
Co. for the past five years, and Now beca prior thereto was for 27 years with Merrill Lynch, Pierce, Fenner & Beane. He began his career in the investment business as a young man with the old New York Curb Exchange, when it was still an outside market.

#### Joins Wilson, Johnson

(Special to THE FINANCIAL CHRONICLE

SAN FRANCISCO, Calif.-Kenneth S. Thomson has become af-

# Chemicals— Polysyllables and Polymers By DR. IRA U. COBLEIGH

Enterprise Economist

Setting forth some notes about the chemical industry and some reasons for present consideration of particular stocks.

ira U. Cobleigh

the securities of one or more companies in that economic sector. We had in mind such a program to-day, but quite frankly by the time we re-viewed the general ideas

sions we had currently gleaned about the chemical industry, we found we had only room around the edges for citation of individual securities

The most vivid immediate comment would be that, despite their glamorous billings over the past decade, chemical equities are not supermen; in a recession they can supermen; in a recession they can backspin step for step with their less glamorous market kinfolk. For example, Allied Chemical at 78 is down from a 1957 high of 9834; Dow at 55½ is down from a 1957 top of 68¼; and Union Carbide at 89 is off from a 1957 high of 124½; and Atlas Powder at 59 is down from a high of 79½. And these declines are not slavish following of the caprice of the market; they are impelled for the market; they are impelled for the most part by the direction of net profits, down 34% for 25 representative companies in the first quarter of 1958 compared with the same period in 1957. Not only that, but some of the

chemical staples, very solidly in postwar demand, have shown sig-nificant price slippages which augur lower profitability. Sul-phuric acid has been offered some phuric acid has been offered some 20% below posted prices since May first (reduced from \$24 to around \$20 per ton). Price concessions of 5% to 15% have recently been offered on such diverse items as vinol alcohol, nitrogen fertilizers, polvethylene resins, formaldehyde, chlorine and caustic soda. This does not spell depression, but it does indicate that, in certain areas, in chemicals as well as in other trades, there as well as in other trades, there is overcapacity and there now exists a more intense competition.

But these assorted dips in share and product prices, and in earn-ings appear healthy and corrective rather than occasion for any longterm bearishness about this truly dynamic industry which employs 810,000 people, should attain gross sales in the order of \$23 billion for 1958; and for over 20 years has been growing at the rate of 9% a year (three times as rapidly as the average growth rate of all

Now because so many companies come under this broad classifica-tion of chemicals, the investor to-day, somewhere along the line, has to decide which sector is the liveliest and most forward looking, since all parts of the industry do not grow at an identical rate. Where should present preference lie? With the agricultural chemicals, chlorine specialists; sulphur, potash, boron or petrochemical, magnesium enterprises; or among the biggest and most diversified industrial leaders? industrial leaders?

Most of the time this column is maceuticals. (For coverage in both, reasonably specific, dealing in we'd cite American Cyanamid, segments of a particular industry which is important in melamine and, usually, painting, with a used especially for plastic disnrather broad ware, Formico for sinks, counters, brush the table tops etc.; and for its Liederle and, usually, painting with a used especially for plastic disnrather broad ware, Formico for sinks, counters, brush, the table tops, etc.; and for its Lederle merits or points of interest about the research ware laboratories division, a leader in the tapeutic chemicals.)

We live in a plastic age. If you We live in a plastic age. If you don't think so, then consider the following common uses. When you wake up, you may be jobbed into consciousness by an electric clock-radio with a plastic case, bathe in a plastic bath tub, eat breakfast off plastic dishes, put on a plastic suit, drive off on nylon tires in a Corvette with an all plastic body, keep air conditioned at your office via plastic ducts, and answer a plastic telephone. On your vacation, you may ride in a plastic boat, and your seaside cottage may have plastic shingles, cottage may have plastic shingles, plastic blinds and awnings and get its water supply through a plastic pipe.

Now, how is it we have all these Now, how is it we have all these plastics today, replacing, in many instances, the more familiar materials — wood, leather, copper, aluminum, steel and glass? We have plastics because in this 20th Century we have learned to combine molecules of all sorts and kinds to create new synthetic materials that are variously lighter. terials that are variously lighter, tougher, stronger, more resistant to heat, cold, acid or corrosion; and materials that can be formed, shaped, molded and cast into a myriad of forms for countless uses. If you have a simple mole-cule, it's a monomer; if you jam a lot of them together you get a polymer, and practically all plas-tics are formed from high polymers, namely those composed of many monomers. The base materials (polymers) are about a hundred today (with new ones on the way) and include such jaw breakers as butadiene and polymutadiene polymers. butadiene, polyethylene, polypro-pylene, acrylonitrile and elastomers.

We started all these fancy poly We started all these fancy polymers on their way from working in such early elements as cellulose (for celluloid) and coal tars, but today are depending incresingly on petroleum (petrochemicals) and ammonia. A whole lot of elements may serve, however—sand, silica, borax, limestone, etc. (Maybe even vicina fur!) (Maybe even vicuna fur!)

Because of the rapid advances Because of the rapid advances constantly being made in polymerization, obsolescence is an increasing factor and yesterday's plastic may be scrapped in favor of tomorrow's. (If celluloid collars were fashionable today, they wouldn't be made out of celluloid! Probably, vinyl.) Hence, this plastic chemical business simply has to go in for unremitting research. It can't go along like a soft drink It can't go along like a soft drink or chewing gum company turning out identical products for years on end. That is a major reason for the big percentage of retained earnings in chemical companies to finance research and the new plant facility requisite for turning out the resulting new products.

out the resulting new products.

Now for specifics, the biggest plastic producer is Union Carbide with about \$280 million out of \$1.4 billion in net sales for 1957 coming from plastics. Dow does about ½rd of its total business in plastics. Other majors would include Monsanto, Rohm & Haas, Eastman Kodak, American Cyanamid and, of course, du Pont. And the most beckoning plastic slanted chemical in today's market? Well, they're all blue chips, but perhaps American Cyanamid neth S. Thomson has become affiliated with Wilson, Johnson &
Higgins, 300 Montgomery Street,
members of the Pacific Coast
Stock Exchange.

There is, of course, no absolute
answer but a great deal can be
said in favor of companies majorsing in two major segments of the
chemical trade—lastics and phar-

deserving of particular considera-

It looks as though, due to limitations of space, the pharmaceuticals marked with plastics, for special citation, are going to get but capsule treatment today. UpJohn (over the counter) with its new sunburn pill now sells at a quite unbuyable level of \$1,575 per share. Parke Davis is moving on to new highs in earning power this year. Pfizer sells near its high for the year and Merck just made a new one. Smith, Kline and French, and Abbott Laboratories are also only a point or so from tueir year's highs. So you see here a section of the chemical trade for whom the recession has been only a ripple. Ethical drug net earnings for many companies will reach all time highs in 1938, quite unconcerned about Federal suits, high price/earnings ratios and relatively low cash payouts. Drug shares have proved not only to have defensive depression resistant qualities but have been It looks as though, due to limionly to have defensive depression resistant qualities but have been able to retain their traditionally high profit margins. So we con-clude on a note of solid prefer-ence for those chemicals majoring in either plastics or drugs.

#### Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Paul E. Miller has been added to the staff of Dean Witter & Co., Equitable

#### With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

Markham is now with Harris. Up- with Hornblower & Weeks and ham & Co., 710 North Water St.

### D. L. Baker V.-P. of First Boston Corp.

Davis L. Baker, Jr., has been elected a Vice-President of The First Boston Corporation, 15 Broad

Street, New LORK City, it has been announced. Now a member of the company's New York sales depart-ment, he was recently with the gov-ernment bond department. Mr. Baker joined The First Boston



Corporation in 1949. Prior to that he was with Blair & Co. trom 1940-48 and with the Fed-eral Reserve Bank of New York from 1934-46.

#### With Curtis Merkel (Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.ley N. Palmer is now with Curtis Merkel Co., Inc., 601 First Ave., North, members of the Philadel-phia-Baltimore Stock Exchange.

#### With Dempsey-Tegeler

(Special to THE FINANCIAL CHRON

CHICAGO, III.—Robert E. Wick has become connected with Dempsey-Tegeler & Co., 209 South La MILWAUKEE, Wis. - John G. Salle Street. He was formerly Lamson Bros. & Co.

This is not an offering of these shares for sale, or an offer to buy, or a solicitation of an offer to buy any of such shares. The offering is made only by the prospectus.

853,781 Shares

### Pacific Gas and Electric Company

Common Stock

Rights, evidenced by Subscription Warrants, to subscribe for these shares at \$52 per share have been issued by the Company to holders of its Common Stock of record June 17, 1958, which rights expire July 8, 1958, as more fully set forth in the prospectus.

The several Underwriters have agreed, subject to certain conditions, to purchase any unsubscribed shares and, during and after the subscription period, may offer shares of Common Stock as set-forth in the prospectus.

Copies of the prospectus may be obtained from any of the several under-writers only in states in which such underwriters are qualified to act as dealers in securities and in which the prospectus may legally be distributed.

#### Blyth & Co., Inc.

Dean Witter & Co. The First Boston Corporation ... Harriman Ripley & Co. Smith, Barney & Co. Eastman Dillon, Union Securities & Co. Glore, Forgan & Co. Goldman, Sachs & Co. Kidder, Peabody & Co. Lazard Frères & Co. Lehman Brothers Merrill Lynch, Pierce, Fenner & Smith Stone & Webster Securities Corporation White, Weld & Co. First California Company Schwabacher & Co. Walston & Co., Inc. Elworthy & Co. W. C. Langley & Co. Irving Lundborg & Co. F. S. Moseley & Co. Shuman, Agnew & Co. Wertheim & Co. J. Barth & Co. Brush, Slocumb & Co. Inc. Dominick & Dominick Hallgarten & Co. Hemphill, Noyes & Co. Hornblower & Weeks W. E. Hutton & Co. Lee Higginson Corporation Carl M. Loeb, Rhoades & Co. Mitchum, Jones & Templeton Paine, Webber, Jackson & Curtis Reynolds & Co., Inc. Salomon Bros. & Hutzler Sutro & Co. William R. Staats & Co. Davis, Skaggs & Co. Francis I. duPont & Co. Hooker & Fay E. F. Hutton & Company Lester, Ryons & Co. Bateman, Eichler & Co. Crowell, Weedon & Co. Hill Richards & Co. Mason Brothers F. S. Smithers & Co. Bache & Co. Dempsey-Tegeler & Co. Lawson, Levy, Williams & Stern Pflueger & Baerwald Shearson, Hammill & Co. Henry F. Swift & Co. Weeden & Co. Wulff, Hansen & Co. Wilson, Johnson & Higgins

June 24, 1958.

### New York State as A Financial Center

By RICHARD S. PERKINS

Retiring President, New York State Bankers Association Vice-Chairman, First National City Bank, and Chairman, City Farmers Trust Co., New York City

Expressing concern about the increasing competitive challenges to-and relative deterioration of demand deposits in-New York State, retiring President of the Commercial Banker's Trade Group, avers it is necessary to close ranks and resolve differences of opinions between various banks as soon as possible. Mr. Perkins trusts commercial bankers, regulatory officials and the Legislature will not sit idly by and watch the pre-eminent national and international financial position of New York disintegrate.

and the economy of this State as well as the banks, their stockholders and their employ-ees. Histori-cally New York State has enjoyed the position of being the fi-nancial center of the United States as well as of the world. This



position has brought great prestige to our community and has also

very rapid expansion in banking facilities in these areas, and thus the relative importance of New York in the national picture is being challenged.

For example, the share of the country's commercial bank deposits held by New York State banks has declined from 32% in 1940 to 24% in 1945 to 20% in 1955 and to 19% at the end of 1957. In the 10-year span, 1947-57, 1957. In the 10-year span, 1947-57, New York City banks increased in their total deposits by 16.4%. However, bank deposits in Chicago were up 21.7%, while deposits for all Reserve City banks were up 45.2% and for country banks 48.4%.

And now the latest survey on the "Ownership of Demand Deposits" just issued by the Federal Reserve Board reveals that the

\*An address by Mr. Perkins before the 62nd Annual Convention, New York State Bankers Association, Lake Placid, N. Y., June 11, 1958.

Banking in New York State is New York Federal Reserve Disconfronted with a number of trict suffered the greatest loss in problems, the solution of which would materially aid the people and the econ
any of the 12 Federal Reserve Districts. Let me quote the report: tricts. Let me quote the report:

#### Decline in Relative Postion

"In five districts—Boston, Richmond, Atlanta, Minneapolis and Kansas City—total demand deposits of individuals, partnerships and corporations rose. The largest and corporations rose. The largest increase occurred in Minneapolis, but the increases in the Boston and Kansas City districts were substantial. The largest declines were in the New York, Philadelphia and Cleveland districts." The Federal Reserve goes on to

to our community and has also made a very strong contribution to the State's economy. Today, however, the pre-eminent position of New York is under the severest test.

Despite its pre-eminent position New York has encountered increasing competition from other financial centers. The more rapid growth of population and industry in the southern and western areas of the nation has brought about a war in the growth of other centers, and more importantly since World War II, the more dominant role of War II, the more dominant role of the government in international finance has tended to counter the role of New York banks in the financing of foreign transactions and investments.

and investments.

These must be all matters of concern to New York banks. It gives rise to the most serious of questions: (1)Wherein lies New York's future in banking? (2) How must banking be shaped or molded to meet our economic des-tiny? We might well ask ourselves —What kind of banking will we have five, 10 or 20 years from

#### Closing of Ranks Demanded

At a time when banking is being challenged from outside of the State, at a time when other parts deep of the country are soliciting our ness customers, our businesses, our in-dustries and our population, isn't it of the utmost importance that we close ranks and resolve our in-ternal problems as soon as pos-

sible? Public responsibility demands it. The future of our State's dynamic economy demands it. The differences of opinion between the various banks within our State must be resolved in a manner that must be resolved in a manner will best serve the public interest and provide a sound basis for legacy and action. If islative judgment and action. If we don't all hang together, we may separately.

Commercial banks, in the last analysis, make the greatest contrianalysis, make the greatest contri-bution to the State's well-being. They provide every family and business banking need. Commer-cial banking has long been the right arm of commerce and industry. The banking institutions of New York State have been one of the most constructive forces at the most constructive forces at work in our State. There is no segment of our industrial and commercial life in which banking does not touch. I believe the high level at which the State's economy has risen is due largely to the manner in which banking institutions have functioned and met their responsibilities.

Commercial banks in New York are the leading lenders to consumers, to the small business, to individuals and to agriculture; Most individuals working in New York State have a checking account or savings account in a commercial bank. We can be justly proud of this "record of distinction."

New York State is a growth were in the New York, Philadelphia and Cleveland districts."
The Federal Reserve goes on to say that the declines were concentrated in the larger banks, that demand deposits increased in banks with deposits of less than \$50 million.

No matter how you look at it New York banks percentagewise have not been gaining as rapidly shave not been saint and transportation facilities in the world. It of have not been gaining as rapidly shave not been gaining as Tablus the same transport of t vantages. The dynamism of our State will create a growing demand for banking facilities and services. Banking must be ready to accept this challenging opportunity. Banking must be ready to share in this development, to pro-vide the financial resources to make it possible.

I am confident that the com-mercial bankers of this State, the regulatory officials and the Legis-lature will not sit idly by while we watch the erosion of our State as the national and international, leader in finance as well as key-stone of our State's economic life. We cannot abdicate this responsi-bility. While there are differences of opinion on some internal mat-ters, I feel sure that they can be harmoniously adjusted.

#### "Singleness of Purpose"

In conclusion I wish to say that one respect we do have absoin one respect we do have absolute unity—a singleness of purpose. I speak now of the Association. This past year has been to me a rewarding experience. I have been deeply impressed by the willingness of bankers from all size institutions — small, medium and large—to work together on vari-ous projects to promote the commercial banking industry of New York State.

I wish to take this opportunity

I wish to take this opportunity to thank all the members of the Council of Administration and the members of the Administrative Board, the latter of whom have been meeting with me monthly over the past year, for their unselfish efforts in our behalf. I wish it were possible to express my thanks to each of the hundreds of other bankers who serve on committees of the Association, who serve as agricultural key-bankers, county leaders for education and in numerous other capacities. I want to thank too, Al Muench and the other members of the Association's staff who work year-round ine other members of the Association's staff who work year-round in our behalf. These men individually and collectively are doing a magnificent job. As long as such a unity of purpose exists, I am confident that the Association and compared behavior tion and commercial banking will continue to progress at a rapid and satisfactory pace in New York

### **Connecticut Brevities**

Company, Hartford, and of Bankers Trust Company, Essex, have agreed to terms of a proposed merger under which stockholders of Bankers would receive 18 shares of Riverside for each share Silver Company in Meriden is in outstanding. The merger is subject to approval by stockholders of both banks and by the Connecticut Banking Department, Upon completion of the merger Bankers will become the fifth branch of Riverside, which will then have total resources of over \$34 million capital funds of about \$2.9 million.

Stockholders of Norden Ketay Corporation located in Stamford, have approved acquisition of the company by United Aircraft Corporation on a basis whereby each 20 shares of Norden common stock will be exchanged for one share of common of United. The exchange will take place about July 1 after which the Stamford firm will be operated as the Norden Division. No change in its operations or plant location is planned at the present time, ac-cording to the Chairman of

United Aircraft Corporation has announced that it plans to spend about \$50 million in the next 15 months on new plant facilities in Connecticut and Florida. During the past 10 years the company has the past 10 years the company has spent \$200 million of its own money for new plants and development. The most recent major project was the new plant at United, Florida, which cost nearly \$30 million and is being used for laboratory research and development.

The Atrax Company has re-cently completed and is occupying cently completed and is occupying a new plant in Newington. The 25,000 square foot new plant is air-conditioned throughout and provides additional office, and manufacturing space., Atrax, which was formed about 12 years ago, manufactures carbide cutting tools, including solid carbide reamers, end mills and drills.

The Hartford Fire Insurance Company has withdrawn its offer to purchase for \$36 a share com-mon stock of Northwestern Fire and Marine Insurance Company, Minneapolis, because a higher offer of \$41 a share has been made by Inter-Canadian Corporation, a closed-end investment trust also located in Minneapolis. Harfford Fire has returned any shares deposited under its offer and will sell to Inter-Canadian the 19,800 shares which it has owned for a number of years. If Inter-Canadian purchases control of Northwestern, the latter will go out of the insurance business and retain its investments. Hartford, which has been operating Northwestern's insurance business under a man-agement contract, would then take over all outstanding insurance.

The Singer Manufacturing Company, Bridgeport, has established James K. Sullivan Jr. has joined a Miltary Contracts Division the staff of Daniel F. Rice & Co., which will seek to obtain military 1040 Bayview Drive.

Silver Company in Meriden is in full operation and has been dedicated. Located on a 35-acre site, the new building was completed at a cost of about \$5 million to house the company's main office and new production facilities for manufacture of silverplated hollo-ware, both formerly located in older buildings in the center of Meriden. 

The Directors of Waterbury Farrel Foundry and Machine Company and of Textron, Inc. have agreed upon a plan providing for the sale of the assets, and business of Waterbury Farrel to Textron for \$7,135,500 cash, equivalent to \$50 a share on each of the 142,710 outstanding shares. Stock-holders of Waterbury Farrel will vote on the plan at a special meetvote on the plan at a special meeting called for June 26. Waterbury Farrel presently employs about 1,000 persons in Waterbury and at a new plant in Cheshire.

#### With Reynolds & Co.

Special to The Financial Chronicle)

OAKLAND, Calif.—Robert J. Chenu is now with Reynolds & Co., 2150 Franklin Street.

#### Joins Republic Secs.

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Raymond E. Bruce has become affiliated with Republic Securities Company, 252 South Lake Avenue. He was formerly with Daniel D. Weston & Co., Inc.

#### R. L. Colburn Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Paul' W. Schwarz is now affiliated with R. L. Colburn Company, 527 Cali-fornia Street. Mr. Schwarz was previously with Herman G. Frese.

#### Now With Waldron Co.

(Special to THE FINANCIAL CHRONICLE) SAN FRANCISCO, Calif.-Koon Yuk Lew has become associated with Waldron & Co., Inc., Russ Building.

#### Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif.—Edward J. Pallis has been added to the staff of Walston & Co., Inc., 81 West Santa Clara Street.

#### With James H. Price

(Special to THE FINANCIAL CHRONICLE)

FT. LAUDERDALE, Fla.—Vivian M. Dempsey is now connected with James H. Price & Company, Inc., 148 East Las Olas Boulevard.

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(Special to THE FINANCIAL CHRONICLE)

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### The ''Golden Sixties'

By LEWIS L. SCHELLBACH Vice-President and Economist Standard & Poor's Corporation, New York City

Research editor details four factors which he is certain assures a continued overall annual growth rate of 4% in the next decade so that Gross National Product will reach \$575 billion in 1965 and \$700 billion by 1970. Mr. Schellbach discusses promising areas of growth and some of the collateral conditions likely to be encountered in the next ten years, and calls attention to three possible threats which may, but need not, interfere with fulfillment of the "golden sixties."

It is much easier to forecast population curve in the recent what will happen a decade hence past have erred on the conserva-than what will occur next week, tive side. This is a better generanext month, c or even next year.

a serious thought, for short-term trends are often influenced by immediate developments that have little bearing on fundamental rogress. Even hose who were bullish were bullish in 1929 on the long-term outlook for



America were eventually proved right and, in many cases, for the right reasons. That they may have first lost their shirts and then jumped from the 20th story window of the Yale club is beside the point. Their fundamental thesis was proved correct.

thesis was proved correct.
When we are in the midst of a business recession, as at present, it is perhaps worthwhile to sit back for a few minutes and take a longer-term view. The contrasts are both refreshing and stimulating.

Needless to say, optimistic on the outlook for the next decade. In the interests of definiteness, I'm going to try to describe conditions as we foresee them in the middle sixties, say 1965, and again in 1970.

By 1965, we estimate, the gross national product, that is, the total output of goods and services consumed, will be in the neighborsumed, will be in the neighborhood of \$575 billion, measured in dollars of current purchasing power. That figure compares with roughly \$435 billion indicated for this year, and would represent an increase of better than 30%, or approximately 4% a year compounded. Continuation of the same rate of growth would give us a gross national product of \$700 billion by 1970, an increase of 60% gross national product of \$700 bil-lion by 1970, an increase of 60%. This 4% annual growth rate is almost exactly the same as the average from 1947 through 1956. You are entitled to ask if we are justified in extending that rate for, after all, the decade since World War II had the stimulus of filling war-deferred needs for automobiles, homes, and a host of other things, and the added stimulus, for a time, of the Korean war.

In answer, I would cite four major considerations:

(1) Population growth.

Sharper growth in family formations.

(3) The probability that continued cold war will make in-creasing demands on our indus-

trial facilities and manpower.

(4) And most important, the fact that we are just entering on what has aptly been called "the new industry of discovery."

#### Population and Know How

With respect to No. 1, a great deal has been said in public on the subject and I won't go into a long discourse. Suffice it to say that most projections of the

\*An address by Mr. Schellbach before 7th annual convention of the Copper and Brass Warehouse Association, White Sul-phur Springs, W. Va.

tion than we were in at least one respect. On the basis of experience to date, I would be inclined to use the most optimistic projections by the Census Bureau, which are based on the 1954-55 level of fertility.

On that basis, we will have something like 193 million population by 1965 and 209 million by 1970, as compared with about 172 million now.

I am not one who attaches great importance to population or to population growth per se as a barometer of prosperity. If it were India would be the most prosperous land on earth. But if you have a combination of popu-lation growth and the facilities and know how with which to provide a rising standard of living

From the standpoint of the prospective level of prosperity, however, it is necessary to look behind these figures.

From now until about 1965, the greater part of the prospective rise will be among those under 20 and above 65. For those in the most productive working ages, that is, from 20 through 64, the increase between 1955 and 1960 is increase between 1955 and 1960 is figured at only 3.5% and in the next five years at less than 5%, as against gains of about 8% for total population in each of these half decades. It is not until the second half of the next decade that working ages will parallel the growth of the total population.

Translated industrially, this means for the next seven or eight years we cannot expect extraoryears we cannot expect extraordinary production increases arising out of growth of the working force. However, that condition (less rapid increase in the productive ages than in total population), has existed since the war tion) has existed since the war, and we have seen a rather rapid increase in the national product. In the past decade, the labor force has been supplemented by a vast increase in the number of women workers. In the next few years the most potent source of additional manpower will lie among the teenagers; population between 15 and 19, inclusive, is indicated to be growing by about 20% in the current five years and is ex-pected to expand by 29% in the five years between 1960 and 1965—by far the most rapid growth of any segment of the population. This is the reservoir that will need to be tapped if we are to have to be tapped if we are to have the industrial expansion I expect between now and 1965. In the second half of the next decade, there will be no question about sufficient manpower; the working ages between 20 and 65 will be growing at the same rate as the total population.

#### Marriage Rate

Our second factor must be given considerable weight, and that is the level of marriages. The holy bond of matrimony has been bringing together about 1.5 million couples in recent years. This number will drop slightly this year and next, but then turn upward in a trend that should reach

1,750,000 by 1965 and 2,200,000 by 1970.

Now, if any of you have gone through the process of getting married, I need not belabor certain economic aspects of the performance. The furniture you had considered entirely satisfactory in bachelor apartment just won't do. You are perhaps able to shake down the in-laws for a new carpet. You start buying dishes and silver. In short, you soon learn the deception of the old saw that two can live as cheaply as one. And before long you start building a little nest in which to raise a family.

This, in my book, is a major reason for optimism on the business outlook for the next decade. Rather than the million or so new may well become comments, with peak years well above that level. Collateral construction of roads, sewers, shopping centers, utility plants, schools, churches, hospitals, etc., spells, in my opinion, a boom right in line with the growth national product estimates at presented early in this paper.

\*\*To Cold War\*\*

Cold War\*\*

Cold War\*\*

Cold War\*\*

Cold War\*\*

The fact that industry is, for the fact that industry is, for the first time, trying to find answers to questions that have puzzled mankind for millions of years—and manadaso to new questions that are just now arising. Dr. Sumner there aptly calls it the "new ariscovery." homes we now regard as an annual normal, 1.3 or 1.4 million

for that growing population, then to make the makings of great you have the makings of great prosperity. We have that combination in this country. enough to permit a meeting of the minds on disarmament during the period under discussion. My guess, and it is strictly that, is that the East and the West will continue East and the West will continue to yap and nip at each other. That the rivalry will center increas-ingly on domination of outer space. If you let your imagination run in that direction, you can conjure up a really high level of government, and perhaps private, expenditures expenditures.

arrive at some sort of a modus vivendi, the conquest of outer to turn out scientists, and the space looms as a "new industry" of breath-taking proportions. I certainly won't attempt at this laboratories of the future and spend these large amounts of things to come. The amounts of money involved, the use of materials, and the demands on manpower and brainpower, however, could be extremely large. Let no one say, as many said in the early thirties, "There are no frontiers left." This is the greatest frontier of all time.

More important, perhaps, than summer excursions to the moon and to Mars are the by-products of this new world of outer space. We have already had some slight we have already had some significant of what they may be. New fuels are being developed. New metal combinations are being found. Experiments are beginning

Indeed, this is such a new industry that very little organized information is available on it. The National Science Foundation in 1955 published a detailed survey showing that, in 1953, American industry spent \$3.7 billion on research and development. In 1941, search and development. In 1941, the figure was less than \$1 billion. By 1957, according to a study by the McGraw-Hill Department of Economics, it had risen to \$7.3 billion, having almost doubled in four years. While industry is required conital spending this year. ducing capital spending this year, it planned to increase its research expenditures. By 1960, it is believed that these expenditures will amount to \$15 billion.

growth of the total labor force since 1930. They now number almost one million, or nearly 1½% of the labor force.1

of the labor force.1

So much for manpower. With respect to facilities, the pace is even more dazzling. We now have electronic computers that can solve problems in a small fraction of 1% of the time that would have been required only a few years ago. We have testing equipment that greatly simplifies the work of the scientist. We have organization in the field for the first time; no longer is invention a matter of a lone screwball working nights. no longer is invention a matter of a lone screwball working nights in his garage. Far be it for me to slight the masterpieces of the geniuses of the past, but the team approach, with adequate financing and splendid facilities, is producing wonders that otherwise could not be dreamed of.

We've just started on this road We've just started on this road since the war, really, and look at some of the results. Synthetic fibers and wrappings. Electronic computers. The transistor. The jet engine. Atomic powered submarines. The "exotic" fuels. Fiberdies heats Rockets and satellites. glass boats. Rockets and satellites.
The fuel pump. Room air conditioning. A wide variety of "wonder drugs." The list could extend for pages and hours.

As I say, we're just beginning. As a rule of thumb, they say it requires an average of seven years to take a new research development from the laboratory to the market. Many of the things now in early development stages will be hitting the market during the next decade. One would have the next decade. One would have to have a clear crystal ball in-deed to foretell the shape of

Continued on page 24

As a matter of fact, even if the We've heard a lot in recent "Trends in Employment and Training of United States and Russia should weeks and months about the Scientists and Engineers," 1956.

All these Shares having been sold, this advertisement appears as a matter of record only.

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# THE MARKET . . . AND YOU

By WALLACE STREETE

Reactionary tendencies persisted for the general list in the rails seesawing a bit un- Lockheed, for instance, was certainly in tune with the appraising its estimated 1958 various hopes for Congres- earnings at less than nine sional tax relief. The real in- times. Restraining this particterest, however, centered on a handful of issues that ran an that results this year would independent course.

The rare charge these days of stock manipulation by a financier who a year ago took on a sizable position in Amerthere were tales that Louis E. Wolfson, top man at Merritt, had been sold. Then the Securities and Exchange Com-mission charged it had all been cleaned out and that, moreover, Mr. Wolfson had been short at least 150,000 sessions was the most active issue in the daily trading.

heaviness followed by rein the process.

Steels were moderately heavy for the most as the improvement in operations came the traditional summer slow-

Other metals were also a

ket life, despite the fact that to be headed for a long industry predictions were wrangle with the antitrust among the brighter spots in forces. the overall economy. Consolidated Foods, cleaning up its look at various of its opera- depress Allied were a shrinkpany has every expectation Campana Co.—and new drugs general demand. of keeping its uptrends in to be introduced this year The views exp sales and earnings going after have failed so far to inspire the end of the fiscal year. But the issue to better action. while the company is paying little attention to recession talk, the market is still not

#### Aircrafts Subdued

Aircrafts, too, have been this week's stock market with rather obviously subdued and earnings at less than nine ular issue is the expectation not exceed last year, largely because of stretching out of the military programs and the expenses of starting up its 1.7% turboprop commercial plane. The dividend isn't in any ican Motors spiced this issue jeopardy and the return is in very active trading. First above 5% at recent prices. To a measure a convertible debenture issue also helps keep Chapman & Scott, was liqui- Lockheed restrained since dating his 400,000-share block more than half a million of American, with some con-shares could be issued for fusion over just how much such conversion which is a sizable dilution for a common stock issue that currently is just shy of the three million

#### **Bargain Hunting**

Some of the investment shares. In the process the thinking was back in the busi-stock sagged badly and then ness of hunting for bargains ness of hunting for bargains rebounded and for several in issues which are currently ing groups were the tobaccos, well below their historic which is not a new story. But, peaks despite the improve- on the other hand, despite Other autos did little deci- indices. Du Pont, for instance, sive, with Chrysler given to was prominent on the "bargain" lists for several reasons, covery but getting nowhere one being its decline from since the spectacular switch \$249 in 1955 to below \$180 on sinking spells recently. Then, too, the practice in this issue was to deduct its holdings of General Motors which figure above 60 currently, is proto at least a temporary halt out to nearly a share and a jected to earnings of \$8 a which could be the start of half for each du Pont share, or more than \$50 which \$125. At this figure it was a of less than nine times earnbit unsteady, notably the cop- low tag for shares of the ings if the projections are acpers as a price trim inter- world's leading chemical curate. If, as anticipated rupted the improvement in colossus. A year or so back widely, the dividend is copper prices. There wasn't du Pont was popular on occa- boosted moderately this year much pressure on them, how- sion on the prospect that the to a 50% payout, it would Foods had a mundane marthat divestiture now appears prices for the stock.

#### Convertibles Explored

With the bond markets in willing to capitalize this issue a somewhat unsettled condiby as much as nine-times tion, a rather unique bit of earnings.

A. S. Ross Opens Office

Arnold S. Ross is conducting a securities business from offices at digging was done by one fi
666 Fifth Avenue, New York City.

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Arnold S. Ross is conducting a securities business from offices at digging the condition of the standard properties of the Subdivision of Chemical Management Division of Industrial and Engineering Chemistry at The Spring Meeting of the American Chemical Society, San Francisco, Calif.

nancial service to come up with one convertible debenture and two convertible preferreds that were available at a vield well above the return offered by the common stocks of the same companies.

The three culled out were the preferreds of Kerr-McGee Oil and Pittston Co., which are both listings on the New York Stock Exchange, and General Portland Cement's subordinated debenture 5s of 1977. Kerr-McGee is sues sional counsel is always advisable, showed the widest spread, the the selection of the "right" way \$1.121/2 preferred offering against only around for the common on which a decline in earnings is anticipated for the June 30 fiscal year. The senior issues of General Portland and Pittston both offer better than 4% against only around 3½% for General's common and only a bit better than 2% for Pittston's equity shares. Of the trio, General Portland stands out prominently in that the conversion price of \$57.50 is around 10 points below the market price that the common has shown recently.

#### **Tobaccos a Bright Spot**

Brightest spot in the tradment this month in the stock sizable advances in some of the favored issues their champions were quick to point out that they weren't overvalued to filter cigarets was still boosting net income. Lorillard, which scooted from below 16 at last year's low to share for this year by some sources. That would be more would trim the prime price than double last year. But it for du Pont alone to around would still represent a price GM shares would shortly be still represent a return of a passed along to holders but fat 51/2% even on present

Rails were also favored in some circles for their high yields although marketwise Allied Laboratories was the issues were far more senfiscal year that ends this also considered in the bargain sitive to the pros and cons month, was free to predict category since it sold last year over excise tax relief. Quality record sales and earnings for a score of points above its re- roads like Louisville & Nashthe period. The company is cent level which was pretty ville were still available at engaged in a vigorous second close to its 1958 low. Helping around 8% and Nickel Plate's return recently was crowding tions to eliminate those that ing in polio vaccine shipments 9%. These returns, however, have been unsatisfactory and which adversely affected for the bulk of investors were to expand the profitable ones profits for the March quarter. overshadowed by other de-which indicates that the com- Even a new acquisition—the velopments and sparked little

> The views expressed in this time coincide with those of the "Chronicle." They are presented as those of the author only.]

#### A. S. Ross Opens Office

## How Does a Chemical Company Raise Capital?

By HANS STAUFFER\*

Stauffer Chemical Company, New York City

Mr. Stauffer concentrates on the details of internal and shortlong run external financing and reminds top management that it must make the financial decisions even though it has properly used outside financial advisers.

There are many ways to raise capital and each has its own pe-culiar advantages and disadvan-And while outside profesis a responsibility of company management which cannot be delegated. It is a most important aspect of modern management.

#### Internal Financing

I believe it best to divide our analysis of the problem of raising capital into

two segments: First, internal financing and second, the securing of securing of funds from funds from outside sources. As we all know, the major sources of in-ternal funds are depreciation and net profit. Chemical industry



management,
has, for the most part, needed no
coaching in how to take full advantage of accelerated depreciation procedures in order to generate large cash inflow.

The handling of retained earn-The handling of retained earnings, the other principal source of internal financing, has posed perplexing questions for us all. Our stockholders expect a fair cash yield—perhaps a lower yield than from some other segments of manufacturing because of the growth character of our industry—but nevertheless a substantial but nevertheless a substantial portion of net profit must be remitted to our stockholders. However, it is interesting to note the growing trend toward payment of stock dividends rather than cash. This gives the stockholder tangible evidence of the growth of his investment. Too, he has an opportunity to exercise an option to sell his stock dividend (on a capital gain basis) or to maintain his equity.

Other internal factors effecting capital requirements are inven-tories, accounts receivable, bank balances, and accounts payable. Obviously, the degree to which rigid controls are maintained over these aspects of our businesses affect the amount of capital inflow required. By way of emphasizing the importance of internal financing a survey made by one of the ing, a survey made by one of the chemical magazines indicated that the major chemical companies were financing 90% of their 1956 expansion by internal means.

#### External Financing

Turning to the area of external financing, it is essential to differentiate between short-term and long-term financing. Although commercial banks are undoubtedly the major source of short-term loans, commercial paper, finance are made and the state of the stat term loans, commercial paper, finance paper and factoring of accounts receivable are other means of obtaining funds for seasonal requirements, tax payments, intervals involved during refinancing of long-term debt, and other such short term needs. While generally considered unwise finance permanent expansion through short-term financing, the

1956 survey mentioned before indicated that 1.1% of the total expansion financing was provided by bank loans. It is, of course, quite possible that the largest part of these bank loans were of long-term of intermediate term character. acter.

The most intriguing aspect of the whole subject of financing is the whole subject of inflations is the raising of long-term capital from outside sources. It is in this area that the troublesome ques-tion of debt versus equity financ-ing in encountered. It is in this ing in encountered. It is in this area, also, that much ingenuity has been exercised by management and by their bankers, underwriters, legal counsel, and so forth. Especially in the field of long-term debt financing, the variety of mechanisms which have been developed is remarkable and reflect the prosurrefulnes of the reflects the resourcefulnes of the individuals responsible for their creation. Included in the field of creation. Included in the field of debt financing today are mortgage bonds, debenture bonds (with and without sinking fund provisions) direct placement loans as contrasted to publicly offered issues, long-term bank loans, and leaseback transactions. Convertible features are often associated with these loan arrangements whereby capital stock in the borrowing company may be acquired by the lender at stipulated prices. There are numerous aspects of the There are numerous aspects of the loan agreements that must be carefully considered such as the maturity, interest rate, sinking fund provisions, call prices, security for the loan, dividend restrictions, restrictions on working capital, and sale or acquisition of assets. Because of the very fact assets. Because of the very fact that these debt arrangements are of a long-term nature, it is essen-tial that qualified and thoughtful consideration be paid to the de-tails of all these transactions.

#### Debt Versus Equity Financing

Equity financing has lagged behind debt financing nas tagged behind debt financing, providing only 3.5% of the funds for chemical expansion in 1956. This undoubtedly reflects the tax advantages yielded by debt financing and also the fact that existing and also the fact that existing stockholders have in many cases contributed to growth by permit-ting substantial retention of earn-ings by their companies. Preferred stock issues, in particular, have been used seldom because of their very high after-tax cost as com-pared with debt. There have been a large number of debt issues floated which were convertible into common stock and some convertible preferred issues have been sold. A small but increasingly significant portion of equity financing has come from the stock option and employee stock pur-chase plans introduced so widely in the past few years. Significhase plans introduced so widely in the past few years. Significantly, the largest part of the new common stock offered for sale in the past few years is believed to have been bought by existing stockholders. We all aspire to manage our companies in such a way that our present stockholders want to maintain or increase their equities.

In the case of both debt financing and equity financing one of the biggest problems for management is correct timing. Timing is of crucial importance with respect to interest rates, and selling prices for capital stock. Shrewd (and fortunate) appraisal of market conditions can make us look very good; by the same token, poor

(or unfortunate) timing can subject us to criticism by the "second guessors." All of us are blessed with 20-20 hindsight.

For the new or small chemical company, these problems are even more important. Ninty three per cent of failures of new business are said to be due to management inexperience and ineptitude. By far the largest area of management inexperience, in the new chemical company, is in the field of finance, not in technical skills—production and sales. The manager of such an enterprise should always seek competent profesalways seek competent profes-sional counsel.

We all know that our industry is dynamic. In spite of periodic or cyclic dips, we must always plan for growth andfor change. And that means that important problems of financing will always be with us. In conclusion, I want to empha-

sibe that because of the critical importance of proper financing, top management cannot afford to top management cannot anotate turn such problems over to outside financial advisors and rely solely their ind g ment. Today's on their judgment. Today's gathering constitutes ample evidence that the chemical industry clearly recognizes the vital importance of this facet of management responsibility.

### Blyth and Associates **Underwriting Pacific** Gas & Electric Offering

Pacific Gas & Electric Company is offering holders of its \$25 par value common stock rights to subscribe at \$52 per share for 853,781 additional shares of common stock, at the rate of one new share for at the rate of one new snare for each 20 shares held of record June 17, 1958. The subscription offer will expire on July 8, 1958.

A nation - wide underwriting group headed by Blyth & Co., Inc.

will purchase any unsubscribed shares from the company.

The net proceeds from the sale will be applied toward the cost of additions to the company's utility properties

After the sale of the new common stock, capitalization of the company will consist of approximately 48.3% long-term debt, 17.2% preferred stock and 34.5% common stock and surplus.

The company distributes either electric power or gas, or both, in a territory having an estimated population of 6,250,000, extending 47 of California's 58 countie In the 12 months to March 31, 1958, electric revenues accounted for 66% of total operating revenues and gas service for 34%.

Total operating revenues of the company in 1957 were \$501,244,000, compared with \$470,744,000 in 1956. Net income increased to \$76,620,000 in 1957 from \$75,774,— 576,20,000 in 1957 from \$75,774,— 000 in 1956 and amounted to \$79,— 719,000, or \$3.59 per share, for the 12 months ended March 31, 1958. The company has paid dividends

on its common stock in every year since 1918. Since January, 1956, dividends have been paid at the annual rate of \$2.40 per share.

#### With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Calif.-Edward A. Harris has joined the staff of Merrill Lynch, Pierce, Fenner & Smith, 6353 Hollywood Boulevard.

#### Bingham, Walter Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Royal
B. Smith, Jr., has been added to
the staff of Bingham, Walter &
Hurry, Inc., 621 South Spring
Street, members of the Pacific
Coast Stock Exchange.

#### Joins J. L. Fallon

(Special to THE FINANCIAL CHRONICLE) LOS ANGELES, Calif.—Robert E. H. Mosier has become connected with James L. Fallon Co., 7805 Sunset Boulevard.

### **Syndicats Outing** Friday, June 27th

The Syndicats, an organization comprised of Wall Street secretaries, are holding their annual outing Friday, June 27, at the Nassau Country Club, Glen Cove, Long Island. Claire Borick Friend of Blyth & Co. Inc., will be the incoming President and Jessie Munro of Hornblower & Weeks will be the new Secretary for the coming year. Misses Gertrude Herrington of Smith, Barney & Co. and Mae MacDonald of Blyth & Co. Inc., are the retiring Presi-

luncheons among syndicate de- recently been associated with

banking houses and has now expanded to include secretaries of SEC Appoints Saul partners.

The girls will enjoy tennis, golfing, and swimming and will be the recipients of various prizes given by many of the girl's bosses.

#### With McDonald, Holman

(Special to THE FINANCIAL CUR

BEVERLY HILLS, Cal.—Letha M. Smith has joined the staff of McDonald, Holman & Co., Inc., 214 North Canon Drive.

#### P. A. Mahoney Opens

& Co. Inc., are the retiring President and Secretary, respectively.

A. Mahoney has opened offices at The Syndicats was formed in 1424 K Street, N. W., to engage 1950 as the result of informal in a securities business. He has partment girls from investment Searight, Ahalt & O'Connor.

# **Associate Director**

The Securities and Exchange Commission has announced that effective Aug. 4, Ralph S. Saul will become associate director of the division of trading and exchanges, succeeding John E. Loomis, who has been appointed associate director of the division of the corporate regulation. Mr. Saul is a staff attorney for the Radio Corporation of America.

Monta Opens Corporation (Monta Opens)

#### D. W. Holmes Adds

South A Street.

#### Now With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—William W.
Gamble has become connected with Harris, Upham & Co., 1400
Franklin Street. He was formerly with Stephenson, Leydecker & Co.

#### Mertz Opens Office

LAKE RONKONKOMA, N. Y. -John Mertz is engaging in a MADERA, Calif. — Eugene C. securities business from offices on Caughlan has become affiliated Innis Avenue. He was formerly with D. W. Holmes & Co., 110 with Albert & Co., Inc. and M. J. Shuck Co.



### Milk serves a growing America

Fluid and cool in tall glasses. Churned and fresh in nutritious butter pats. Skimmed and separated for rich cheeses and healthy ice creams-milk serves the nation in many ways.

And in many ways, too, America's commercial banks serve the dairy industry.

With money, credit and financial services, commercial banks help farmers produce milk. Commercial banks also help dairymen process, package and distribute milk and its many by-products. And ultimately it's the neighborhood banker who helps retailers stock milk and milk products for the entire community.

The Chase Manhattan Bank of New York, a leading lender to American industry, is proud to be a part of this banking system which helps keep our economy healthy and strong.

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(One of a series of advertisements published in New York City newspapers)

### What Must Be Done for the Defense of Our Country

By GORDON GRAY\*

President Eisenhower's Special Assistant for National

Fresident Eisennower's Special Assistant for National Security Affairs

Former Director, Office of Defense Mobilization

Former Assistant, Under Secretary and Secretary of the Army

Former President of the University of North Carolina

The urgently definite need to merge existing separate organizations and divided planning for traditional mobilization and for civilian preparedness into one focal point to achieve authority and responsibility in a non-military defense program of "mobilization readiness-in-being" is stressed by recently appointed President's National Security Assistant, Gordon Gray. Referring to other categories of inter-locking defense problems, the distinguished public servant fully supports the Administration's military reorganization and disarmament measures, and utters the reminder that government cannot grant or decree what must come from ourselves—i. e., "spiritualmoral defense." Mr. Gray selects 1947 as the year the honeymoon was over and we first publicly recognized and prepared to deal with USSR's intransigence. Sees "no escape" from today's staggering military budgets on the order of forty billion dollars a year.

I would like to discuss America's defenses as a whole. But for
the purpose of making this tremendously complex subject more
manageable I

manageable, I should speak specifically of four catego-ries of defenses. I would speak specifically of four categories of defenses. I would ask you to bear in mind, as we think about these categories, that while obviously separa-ble, they are necessarily inter-dependent.



First, let us be sure that we understand that all we do, and all we think, and all we hope, must be against a background of profound recent and current change and ferment, and in the light of one salient characteristic of the Soviet Political System.

#### Honeymoon Was Over in 1947

One could choose almost any date in recent history as a starting point, but I will choose the year 1947 because it was in this r that the first steps toward unification of the military services were taken, with the passage of the National Security Act.

Let us also consider, however, the significance of that approxi-mate point in history in terms of the threats to peace. Nineteen forty-seven was the year after Sir Winston Churchill delivered his winston Curtain speech at
Westminister College. It was the
year after Secretary of State
Byrnes publicly attacked the USSR for violating the Potsdam Agreements. It was the year of the initiation of the Truman Doctrine and of the beginning of the Marshall Plan. And it was in this year that the Soviet protested to us about a statement made by Secretary of State Acheson before a Senate Committee in which he said: "The Foreign policy of Russia is aggressive and expansion-ist." Perhaps the short

sia is aggressive and expansion-ist." Perhaps the shoe pinched; clearly the honeymoon was over. In early 1948 the Berlin Block-ade trouble began, and by June it was complete. This was, I believe, the first act of overt challenge to the Western Allies.

It was indeed during this period that we, as a nation, first began clearly to identify the predatory objectives of international communism, which was referred to recently by Secretary of State

\*An address by Mr. Gray before Manufacturing Chemists' Association, White Sulphur Springs, June 13, 1958.

In a very real sense, therefore, a cold war has been waged since 1947 and in these years we have come to know the scientific, tech come to know the scientific, technological, military, industrial, and economic progress of the Soviet Union, which seems to seek now to challenge us on every front and in every area. Clearly, these kinds of tools are being used in a spirit of expansion and aggression.

The one salient characteristic of the Soviet Political system, to which I briefly referred, is the lack of parliamentary restraints. Power and power mechanisms are not in the hands of the Soviet who I believe like our people, who, I believe, like our-selves, do not want war of any kind. In the Soviet System, however, the people are not supreme. The state is supreme and the state itself can almost be said to be the whim or impulse—certainly state of mind—of an individual, or at best, a handful of individuals.

Now when we think of the defenses of our country, our minds naturally turn immediately to weapons systems. It is in this field that the most significant scientific that the most significant scientific and technical progress, which constantly feeds on itself, has been made. In 1947 we thought of the atomic bomb and the pro-peller-driven aircraft. In 1958 we think of the hydrogen bomb and the property and the missile era is jet aircraft: and the missile era is squarely ahead of us. Now, also fallout has added a new dimension. A single modern weapon can spread fatal radiation over hundreds of miles.

Now what are our identifiable but inter-locking defenses? I have

but inter-locking defenses? I have said that I would discuss four. They are diplomatic, military, non-military, and spiritual-moral. Our aim, without cupidity on our part, is for a peaceful and prosperous world, with freedom of man everywhere assured. Of course the world as we see it today would answer to a significantly different description; but lowards our ends we must have towards our ends we must have humane and realistic policies and our conduct and posture must be appropriate to the prescription. As examples, we must recognize the the peoples of the world are our neighbors.

And we must continue to work toward a dependable system of disarmament. No responsible person today believes that a war of virtual mutual annihilation is anything but an insane way of wasing diplomacy by other means; or is in any sense a solu-

Until that day comes when may shed the burdens of fear and mistrust there cannot be doubt in the minds of any of us that we must have strong military de-fenses. We must maintain our retaliatory forces as a deterrent to war and our active defenses against the possibility that deter-rents could fail. This means, you well understand, that there is no escape from today's staggering military budgets, on the order of \$40 billion a year. Let me say parenthetically that I was around when the order of magnitude was 13 or 14 billion—and the lives we lost in Korea do not make that kind of a budget look like a happy economy.

On the other hand, we must make these expenditures wisely and with assurance that we are buying the full measure of defense that prudence requires and fense that prudence requires and the maintenance of peace demands. Therefore, I must commend to you the President's determination to make certain necessary organizational changes in the Defense Department. I would not here get into semantics or details but will ask you to address yourselves for a moment to the principles involved. to the principles involved.

#### Military Reorganization

We must remind ourselves that we have not fought our wars with the military organiza-tion which was in existence at the beginning of the war. We have always found it necessary to make drastic changes. There will be no time in a new war to make changes which have become so necessary to meet the new dimension of warfare. To fail to face up to this problem now, and while there is time, would be to permit ourselves to become betrothed to disaster.

I believe that we cannot and should not seek to eliminate all service rivalries. Healthy competition is a part of the genius of America. But I do believe that the planning of our defenses and the planning of our defenses and the operation of our defenses, if that becomes necessary, must not follow the pattern of a meeting of instructed delegates. I can say to you that it is my conviction that preoccupation with pride and position militate against the most effective militation of our milieffective utilization of our military resources. I believe that President's plan can accomplish his objectives, of making rivalry the servant rather than the master of progress.
What are the essentials of the

what are the essentials of the proposed reorganization?

Simply to give us unity in strategic planning, unity in mili-strategic program. At its heart, this provision for appeal beyond the strategic planning, unity in mili-strategic program. At its heart, this provision for appeal beyond the strategic planning, unity in mili-strategic program. At its heart, this provision for appeal beyond the strategic planning, unity in mili-strategic planning, unity in mili-strategic planning, unity in mili-strategic program. At its heart, this provision for appeal beyond the strategic planning, unity in mili-strategic planning. It is heart, this provision for appeal beyond the strategic planning to continue to serve in the program. At its heart, this provision for appeal beyond the strategic planning to continue to serve in the program. At its heart, this provision for appeal beyond the strategic planning to continue to serve in the program. At its heart, this provision for appeal beyond the strategic planning to continue to serve in the program. At its heart, this provision for appeal beyond the strategic program. At its heart, this provision for appeal beyond the strategic planning to continue to serve in the program at its heart, this provision for appeal beyond the strategic planning to continue to serve in the program at its heart, this provision for appeal beyond the strategic planning to continue to serve in the program at its heart, this provision for appeal beyond the strategic planning to continue to serve in deadly menace to our countrymenace which we may have to cope with for many years.

Because the whole purpose

our defense establishment is to prevent war, or, if one comes, to the name of your company and win it, its success requires one your stockholders—and you get it. win it, its success requires one single basic scheme, under single direction. That scheme is our strategic plan. The single direction is provided by our highest military chiefs, acting in unity under civilian control.

The President has said that the president was by separate ground.

facts of trade and the benefits of waging of war by separate ground, aid. We must understand that all sea and air forces is gone forever a lesson that we learned in

World War II.

The heart of the President's proposal is flexibility and unity.

This is taken by some people to mean that there would be only

ment, and has specifically stated that the Joint Chiefs will, and I mize the consequences of possible quote, "Act only under the au- nuclear attack."

thority and in the name of the In a way, what I am saying is Secretary of Defense." Their functure that total national survival is intion is to advise and assist the Secretary, and they will not per-form any of their duties inde-

the bill as passed by the House on June 12. One is a provision which would allow any single one of four Presidential appointees to block the President in making a quick move, through the transfer of combat functions, to meet a threat. Only if hostilities have already occurred could the President over curred, could the President over-ride any one of these subordinate service chiefs.

Another provision of the House Bill is the requirement that the Secretary of Defense can act only through the three Service Secretaries. This would make it impossible for him to use his staff possible for him to use his staff effectively to help him do his job. It is as bad as the "separately administered" provision of the present law, which has encouraged administrative delays, expensive duplications, frictions, disunity and service rivalries. I know full well how a Secretary of a military department can impede and frustrate, in the interests of maintaining the prestige and funds of his ing the prestige and funds of his own military service.

A third provision of the bill encourages each individual Service Chief to bring directly to a committee of Congress any differences of opinion he may have with his Commander-in-Chief. Of course, nothing in the President's pro-posal would diminish the powers. of Congress to call military wit-nesses before its committees—but this provision, as the President has said, is nothing more or less than "legalized insubordination." It would have serious implications for civilian control of the military, a cardinal principle in our system.

Provisions like this in the existing law have repeatedly tempted the various services to engage in contests for Congressional and public favor and to weaken the unity and flexibility of the defense program. At its heart, this provision for appeal beyond the President by a military chief, who about a base ready to be converted, then intends to continue to serve in now, in line with the content that position, flouts the animal server in the server in the

ecutive of any business organiza-tion would last—and how long the organization would last—if your subordinates could veto your actions. You demand unity of command, and flexibility of action, in your stockholders—and you get it.
Should the elected President of

the United States, who is also the Commander-in-Chief of our armed forces, be denied that same type of authority and flexibility to look after the safety and future of the American people?

#### Non-Military Defense

Now I would refer briefly to what I have chosen to call "non-military defenses." As we begin to talk about them we see how inevitably our various defenses are intertwined. If peace should fail we must win a war. Our ability to to mean that there would be only one service. The President stated we must win a war. Our ability on his message to Congress in win a war is one of the corner-commenting on this subject, "I stones of peace; but if war should neither the intent nor the come we must think in terms of the peace of the come we must think in terms of the peace of the come we must think in terms of the peace of the come we must think in terms of the come we must win a war. waging diplomacy by other means; or is in any sense a solution to the problems of the world. We can only hope at this point in history that the intransigence of the Soviet Union can somehow be croded. In the meantime, we will solve the problems of the world the president's plan on the peace, inasmuch as an unprepared authority. The Federal Civil the stones of peace; but if war should emergency. The Federal Civil the meantime on this subject, "I stones of peace; but if war should emergency. The Federal Civil the meantime on this subject, "I stones of peace; but if war should emergency. The Federal Civil the meantime on this subject, "I stones of peace; but if war should emergency. The Federal Civil the meantime on this subject, "I stones of peace; but if war should emergency. The Federal Civil the meantime on this subject, "I stones of peace; but if war should emergency. The Federal Civil the meantime of Defense Administration has the too make their own contribution requisition supplies and materials, and to delegate its requisitioning the President's plan on the peace, inasmuch as an unprepared authority. On the other hand, or the peace, inasmuch as an unprepared authority. On the other hand, or the peace, inasmuch as an unprepared authority. On the other hand, or the peace, inasmuch as an unprepared authority to other peace, inasmuch as an unprepared authority. On the other hand, or the peace, inasmuch as an unprepared authority. On the other hand, or the peace, inasmuch as an unprepared authority. On the other hand, or the peace, inasmuch as an unprepared authority. On the other hand, or the peace, inasmuch as an unprepared authority. On the other hand, or the peace, inasmuch as an unprepared authority. On the other hand, or the peace, inasmuch as an unprepared authority. On the other hand, or the peace, inasmuch as an unprepared authority and the peace authority and the peace authority are the peace are the peac

continue to work faithfully for "Prussian type General Staff." than a prepared people. I refer to peace and well-being.

The President has pointed out the that wide range of preparedness The President has pointed out the that wide range of preparedness impossibility of any such developmeasures which enable us both to be militarily strong and to mini

> divisible in the nuclear missile age. We must not neglect the im-Secretary, and they will not perform any of their duties independent of the Secretary's direction.
>
> Still others have charged that the Secretary of Defense will become a "czar." The President, in replying to this, pointed out that the Secretary of Defense gets his authority and his funds from the longer bed epartmentalized.
>
> This means they that just as we

ongress. This means then that just as we Let me discuss three features of have one organization for military defenses, we must have one focal point for authority and responsibility for non-military defenses.

Old concepts—such as separate organizations and divided plan-ning for traditional mobilization and for measures of civilian pre-paredness must yield. Non-mili-tary defenses must take into account the on-rush of technology just as our military defenses must

We have made every effort to keep pace with the growing destructive power of weapons as we have planned and prepared to survive nuclear attack. However, this planning requires organizational mechanisms which, so far as possible, are directly responsive to the situation as we now see it and not as we may have seen it when the basic legislative authority for the Office of Defense Mobilization and the Federal Civil Defense Administration were enacted in

the last decade.

Let's look at the way in which the programs of the Office of De fense Mobilization have changed in the last eight years. During the Korean War and World War II, we thought of mobilization as involving the rapid conversion of pro-ductive capacity from peacetime to wartime production, supplemented by stockpiles of strategic and critical materials and equip-

Based on that concept, ODM carried out a great many programs to build up a mobilization base which could be quickly converted to war production, and to accumu-late a national stockpile of raw materials. At that time, too, our planning and programs were directed toward a five-year war. But as the technology of nuclear warfare has developed, the gov-ernment has moved away from that concept toward one of a shorter, more devastating conflict. We talked about a mobilization now, in line with the concept of military forces-in-being, it appears to be equally important that we have mobilization readiness-inbeing.

#### ODM Versus Federal Civil Defense Administration

In adapting to these changes, we have encountered serious difficul ties under the existing division of basic authority between the Office of Defense Mobilization and the Federal Civil Defense Administra-tion. We have not been able to overcome these difficulties despite the serious and sincere efforts of both staffs.

Let me illustrate from what I

think is the area of greatest difficulty—planning for the mobilization and utilization of human and material sources. While this is the central responsibility of the Office of Defense Mobiliza-tion, the Federal Civil Defense Administration also has very Administration broad responsibility and authority in this field in a civil demergency. The Federal

determine priorities and allocaloved by our neighbors; the right tions of materials and facilities in to be free men and women, accordance with the most important the spiritual and moral accordance needs. We believe basis which underlies and underlies and this is the tions of materials and facilities in accordance with the most immediate defense needs. We believe that under attack conditions, these authorities would collide—as they have done during our tests of national mobilization plans, the annual Operations Alert.

Perhaps I can put it this way: The job of non-military defense cannot be divided effectively for organizational purposes on the basis of: (1) Time phases, such as post-attack survival and long-range recovery or rehabilitation.

post-attack survival and long-range recovery or rehabilitation. (2) Geographical areas, such as damaged and undamaged areas, (3) Subject or item, such as survival items (for example, food, sanitation, medical, shelter) and recovery items (for example, building materials). (4) Types of wartime assumptions, such as limited war, world war without nuclear attack on the continental nuclear attack on the continental States, or world-wide nuclear war.

The current situation, as most of you know, has created confusion among the Federal Departments and agencies. As Federal ments and agencies. As Federal mobilization plans reach the stage where they can be made available to Federal field officials and to state and local officials, this confusion will simply be distributed throughout the country if it is allowed to continue.

The answer to this confusion is to unify the present authorities and responsibilities in the hands of the President to allow him to provide for unified and flexible direction of all these activities.

#### Reorganized in Plan No. 1 of 1958

To this end, the President has submitted to the Congress Reorganization Plan No. 1 of 1958 which would abolish the Office of Defense Mobilization and the Federal Civil Defense Administration and merge the functions and responsibilities of these areas and responsibilities of these agencies into a new Executive Office agency which would be called the Office of Defense and Civilian Mobilization.

Mobilization.

Finally, I would come to the last type of defense, which I have chosen to call "spiritual-moral defense." It is clear that in these times of trouble and continuing sacrifice, our people must have fortitude and stamina and conviction. viction.

We must have conviction of the rectitude of our aims, which are to stand for the just and good and true and decent relationships among people and among nations.

We must have the stamina to

among people and among the weather that we must have the stamina to travel the rough road ahead which involves heavy taxes both for our military strength and for sharing our bounty with those who stand for peace and freedom.

We must have fortitude from which will derive our will to surmust have fortitude from

None of these things can be granted or decreed by the Federal Government. These things must belong to and inhere in free men.

that we must continue to walk twith the spirit of Patrick Henry.
There are loud—and perhaps persuasive to some—voices today which would call for capitulation to a system of international slavery fail: In effect they say that war is unthinkable, and therefore we must avoid it at any cost.

The cost must be measured in terms of the total of all the things we want for ourselves, and for our children: The dignity and freedom of man under God.

We cherish: the right to worship We cherish: the right to worship as we choose—loudly and joyfully if it pleases us; the right to speak ene's mind—to criticism or to praise; the right to gather: collectively to seek redress for our grievances; the right to move about; to own property; to enjoy the fruits of our labor—or indeed to reap the dubious rewards of our slothfulness, if that be our choice; the right to love and be

girds our society; and this is the major and compelling difference between our society and that hos-tile despotism which would en-circle and engulf us.

I am deeply convinced that this difference will be the means by which we will prevail. But we must maintain and preserve it—and we must live by it.

This is why we erect our de-fenses—and why not the least of these is our spiritual-moral de-

From it will derive our will and our hope; our courage and deter-mination.

loved by our neighbors; the right stand for the just and good and to be free men and women.

This is the spiritual and moral our commitment to survival, we basis which underlies and undermust preserve these things, lest girds our society; and this is the our commitment fail to be what major and compelling difference we live for.

#### With Livingston, Williams

(Special to THE FINANCIAL CHRONICLE)

ALLIANCE, Ohio — Robert F. Haidet is now with Livingston, Williams & Co., Inc., 514 East Main Street.

#### Form Combined Inv. Co.

John J. Collins is engaging in a securities business from offices at under the firm name of Combined Again, we as individuals, and Investing Co. He was formerly communities, and as a nation must with King Merritt & Co., Inc.

A. M. Kidder & Co. Inc.

PARAMUS, N. J.—A. M. Kidder & Co., Inc., one of the oldest existing stock brokerage houses in New York City, has opened a branch office in the West Exhibit Hall at Bergen Mall: Founded in 1865, A. M. Kidder & Co. has offices in six States and Canada. Harry J. Neal: Jr., Vice-President and Treasurer of A. M. Kidder & Co., Inc., said the brokerage office in Bergen Mall will occupy its present quarters until after Labor Day, after which it will move to a permanent location on

Mall Post Office.

A. M. Kidder & Co. Inc.

Mr. Neal said a staff of 12 at the Mall office will be headed by Co-Managers Warren H. Bree; Gerald B. Cramer and Melvin S. Bern-Paramus, N. J.—A. M. Kidder haut, associate.

W. G. King Opens

HUNTINGTON, N. Y.—William G. King is conducting a securities business from offices at 25 Cliffwood Drive under the firm name of William G. King Associates.

Kirby Vidrine Opens

ROSWELL, N. Mex.-Kirby L. Vidrine has opened offices at 150 Broadway, New York City, move to a permanent location on 1171/2 East Third Street to engage the Mall's Promenade, near the in the securities business under Midland Bank and the Bergen the firm name of Kirby L. Vidrine Co.



# MARK OF PROGRESS.

New trademark for Cochran Foil Corporation, latest member of The Anaconda Family

On May 1, 1958, Cochran Foil Company, Louisville, Ky., be-came Cochran Foil Corporation— The Anaconda Company's newest subsidiary. This acquisition marks a major step forward in Anaconda's steady growth and diversification, and enhances its expanding position in the aluminum industry.

Anaconda, a leader in nonferrous metals, had previously entered the aluminum industry through various subsidiaries: An up-to-date primary reduction plant at Columbia Falls, Montana; a coiled-sheet rolling mill at Torrington, Connecticut; and facilities for producing rod, sheet,

tube and extruded shapes now nearing completion at Terre Haute, Indiana: Cochran Foil Company, founded in 1939, had become the leading inde-pendent producer of aluminum sheet and foil, laminated foil products, and rigid aluminum containers. Now the distribution and sales of all "Anaconda Aluminum" fabricated products will be made through the Cochran Foil Corporation.

Speaking at Anaconda's annual stockholders' meeting on May 21st, A. P. Cochran commented: "Most people think of aluminum foil primarily as household foil. Actually, the arguments."

there are many oth-er industrial uses such as in air conditioning, labels, protective packag-

ing, radios, bottle caps, and so on. "I am very hap-py to report that so far this year Cochran's sales have increased by 12%and profits by an

even greater margin. Our research and sales engineers are busily developing new uses and markets for aluminum products. The day will soon be here when we will be using a very sub-

A. P. Cochran, President Cochran Foil Corporation

stantial portion of the 120,000,000 pounds-per-year present capacity of Anaconda's Columbia Falls plant."

Anaconda's growth in aluminum is typical of the company's contribution to America's progress, and a prime example of a development program that seeks to offer better products and services to both industry and consumer.

58259B



The American Brass Company Anaconda Wire & Cable Company Andes Copper Mining Company Chile Copper Company Greene Cananea-Copper Company Anaconda Aluminum Company Anaconda Sales Company International Smelting and Refining Company Cochran Foil Corporation

# Food Industry and Agriculture By HARRY A. BULLIS\*

Chairman of the Board, General Mills, Inc. Minneapolis, Minn.

A leading food manufacturer reviews the basis for optimism about the future prospects for the food industry; notes that the agricultural situation looks brighter than it has for some time—though the problem of adjusting output to demand still persists; and, in analyzing the general economic picture, maintains best cooperative efforts by management, labor and government will be necessary if we are to restore full rate of economic growth without planting the seeds of another inflationary boom and another recession. Mr. Bullis outlines what business can do "to break the psychological freeze of consumer funds" and recommends a high level of non-farm activity to provide opportunities for surplus farmers.

The food industry and agricul-ture are two bright spots on the economic scene. These two large sectors of our economy are pros-per ous. To-gether they

gether they serve the food n e e d s o f American consumers. Both are directing their attention toward positive programs for progress, including im-



period of business contraction. We are optimistic, because consumers ing, progenerally are maintaining their ingly. habits of food purchasing and eatsome areas where scarcity driven prices upward, people be making some substitutions, has driven prices upward, but they still want good food, and consumer incomes are sufficiently high to support the standards to which they have become accustomed.

The food industry faces an optimistic future. The growth of population alone is a sufficient basis for optimism. On top of that, consumers have a continuing desire for better foods which take less time to prepare in the kitchen. People are becoming nutrition conscious. While they count their calories, they want foods that supply all the elements needed for good health for themselves and their growing families. The excellent record of the food industry and its future prospects are tributes to the educational work for good diets which has been carried on in the United States.

During the past decade, consumers have continued to spend about 25% of their increasing family incomes for food. They have accepted with hearty endorsement the many innovations that have been introduced by the food industry, such as frozen foods, the prepackaging of foods which were formerly sold in bulk, prepared mixes, and all of the many items which take drudgery out of the kitchen.

The food industry is, of course, a beneficiary of labor scarcity. In panding. the United States as a whole, there The experience of the control is but one servant for every 40 families. Servant help is even more scarce in many areas. It is. to ameliorate this situation that we build maid service into our products. More and more house-wives are gainfully employed and they especially want products ey especially wants the "built-in maid service."

To satisfy all these wants, food processors are spending huge sums for research to make better prod- equipment, products, and p ucts and better packaging, large in the best ways we can amounts for new plants and better fulfill that responsibility.

\*An address by Mr. Bullis before the press symposium conducted by Chamber of Commerce of the United States, Washington, D. C., June 13, 1958.

typical of the food industry. We have recognized the business contraction by endeavoring to make our operations more efficient both in production and in salest. During the fiscal year which ended on May 31, 1958, we spent as much for capital improvements as we did the previous year, and this year we plan to spend considerably more.

dely more.

General Mills has stepped up its research program, not only for new products and the improvement of the products and the improvement of the products and the improvement of the products and the products and the improvement of the products and the products are products are products and the products are products and the products are products and the products are products are products are products and the products are product efficiency through the profitable use of available resources. Insofar as the food industry is concerned, there has been no recession in this period of business are the food industry is concerned, there has been no recession in this period of business are the food industry is concerned, there has been no recession in this period of business are the food industry is concerned, there has been no recession in this period of business are the food industry is concerned, there has been no recession in this period of business are the food industry is concerned. ing, promotion and selling accordingly. Our merchandising programs are placing greater emphasis on good selling and service than ever before.

We believe the important problem businessmen face right now is to sell more products to consumers so that production and employment may be increased. To do this, we shall have to break the psychological freeze of consumer funds. It is our conviction that we can all do more and better selling, advertising and servicing. We can speed up product improvements and new products in order to give consumers what they want—better and more attractive foods.

The food industry is the largest in the country—\$75 billion in 1957. I believe it is also the most competitive. Managing and delications petitive. Margins per dollar of sales are very small at all levels of processing, wholesaling and re-tailing. Therefore, all elements in the industry must be efficient to survive. The result is beneficial, because it puts a premium on serving the public with what it wants at the lowest possible cost compatible with the quality of food which our people demand.

The new food products which you see on the shelves of our huge supermarkets did not arrive spontaneously. Neither did the supermarkets. They are the result of research and planning, much of which started before the war. The war delayed them, but when the war was over, the industry was ready to expand. It is still ex-

The eyes of the food industry are looking ahead to the 1960's and the 1970's. Regardless of economic adjustments, the people of America are going to eat and eat well. We thrive on competition, because it brings out our best ef-forts. We know we have a tremendous economic responsibility, and we shall continue to direct our resources of capital and manpower into research, plants, equipment, products, and publicity in the best ways we can find to fulfill that responsibility.

first four months of 1958 brought farmers 8% more dollars than for the same months in 1957. In April the index of farm commodity prices was 10% above a year earlier, and the parity ratio had advanced from 80 to 87 during the

The increase in farm income was the result of the good crop last year and higher prices in some lines, such as meat animals and some fruits and vegetables. The freeze in areas of the south earlier this year reduced supplies of fruits and vegetables and prices

The stage of the production cycle we are in largely accounts for the better prices of cattle and hogs. Cattle producers are holding back breeding stock to rebuild herds, thereby reducing market supplies for the time being. Ample feed supplies have encouraged longer feeding to heavier weights and this has slowed up marketing. Lower prices are expected to follow when enlarged supplies show up in the market place.

Farm markets are not affected as much or as soon by a recession as are the markets for many other products. People must continue to eat. A prolonged depression with heavy inroads on consumer in-comes would bring about a different situation, for many people would have to shift to lower priced foods. Farmers would then have to take a deep cut in prices in order to move supplies. In any order to move supplies. In any event, this recession has laid to rest the old adage that "depressions are farm bred.and farm led."

Although farm debts have been edging upward in recent years. agriculture remains quite solvent. Of course, some farmers, like some businessmen, find themselves staggering under a load of debt. How owner equity is generally

It would be a mistake to think that the recent improvement in farm income means that farmers are now out of the woods. There are still burdensome surpluses hanging over farm markets. The outlook for production in 1958 is promising in many parts of the country, and the surplus problem is likely to become worse. For instance, the prospective wheat crop of a 1,200,000,000 bushels will mean a larger carry-over next year on top of one which is al-

Population growth is expanding the market for farm products, but farmers are continually increasing their efficiency. Agricultural productivity will undoubtedly keep up with and perhaps out-pace the market demand. There is need for prompt recovery from the recession and for improved international relations and expanding foreign trade to provide larger outlets for farm products. The job of adjusting productive capacity to fit available markets still remains as a major problem. This calls for taking some land out of farm production and using other land less intensively, for instance, by shift-ing from wheat to grazing.

We need a high level of productive activity in non-farm lines to provide good opportunities for farm people who are not needed in agriculture. All of these problems should be faced squarely and Solutions should frankly. Solutions should be worked out in the national interest rather than for polticial advantage.

#### Current Economic Developments

Our economic measures and indicators do not tell us when we reach the bottom of a recession until we are well on the way to recovery. However, there is good recovery. However, there is good reason to believe that we are near the low point of the current re-

Sales of farm products during the total decline in the annual rate of sound economic policies 1958. The primary factors were:

The reduced rate of investment in inventories which accounted for \$12 billion, or 65% of the total decline.

The reduced business invest-

ment in new plant and equip-ment which amounted to \$3.7 billion or 20% of the decrease. The reduced expenditures consumption, largely in con-sumer durable goods, ac-counted for \$2.4 billion, or 15% of the drop in Gross National Product.

There were other declines, innet foreign investment and Federal Government expenditures, but these were largely offset by increases in expenditures of state and local government.

During the first quarter of 1958, we were consuming goods at an annual rate which was \$9 billion above the rate of production. It is obvious that the economy cannot long continue to liquidate inventories at such a rate. The recent rize in the rate of steel production may indicate that the maximum rate of inventory reduction has occurred.

The automatic stabilizers have been effective in supporting personal income, and total consumption has declined by only \$2.4 billion. Furthermore, personal sav-ing continues high and adds to the potential purchasing power of the future. If people could be per-suaded to reduce their \$19 billion rate of saving by 20%, their increased purchases would be a powerful tonic to the economy. In the recessions of 1949 and 1954, reduced rate of savings helped to enlarge consumption.

Taking a look ahead, expect inventory liquidation to come to an end, providing personal incomes and family consumption are well maintained. Naturally, personal income will be maintained as we start to produce for consumption the equivalent of for consumption the equivalent of the goods which have been pro-vided by inventory liquidation during the past two quarters. Those goods which have been liquidated out of inventory pro-duced incomes last year and re-cession this year. As the rate of production rises, the accompany-ing rise in personal income will make possible enlarged consump-tion.

The important question is whether this enlargement will be sufficient to restore economic growth to a place where it is commensurate with our productive capacity. The decline in business expenditure for new plant and mensurate equipment is an unfavorable fac-tor which will continue until enlarged consumption encourages in- H. Beck has joined the sta creased capital expenditures. That Commonwealth Securities C may take until mid-1959. In the ration, 30 East Town Street. meantime, the forces for recovery will slowly gain strength.

There will be a substantial expansion, perhaps about 5 billion dollars, coming in Federal expenditures. We can also expect moderate increases in expenditures for housing and in outlays by state and local governments.

It is not clear just how the various economic forces will interact or how soon they will be effective in restoring economic balance. The recent rise in employment by more than one million and the slight decline in unemployment is encouraging.

There is still fear that inflationary forces may be stimulated by enlarged government spending and wage increases in excess of the average rise in productivity. For the present, it looks as if we shall have to depend upon monetary fulfill that responsibility.

Agriculture

The agricultural situation looks able when we review what has inflationary boom to an end. How-brighter than it has for some time. happened in this recession. The average to depend upon molecular and fiscal controls to curb inflation when it develops. They served us well last year in bringing an brighter than it has for some time.

gross national production was \$18 will help to prevent inflation and billion—4%—from the third quar- so reduce the need for the appliture of 1957 to the first quarter of cation of drastic measures to effects. fect a cure.

> The problem is to restore the full rate of economic growth of which we are capable without planting the seeds which will de-velop into another inflationary boom and another recession. The solution will require the best ef-forts of management, labor and government working together as a

### **Garl J. Kall Joins** Smith, Barney & Co.

(Special to THE FINANCIAL CHEONICLE) MINNEAPOLIS, Minn.—Carl J. Kall has become associated with



Carl J. Kall

Smith, Barney & Co., Rand Tower. Mr. Kall was for many years associated with the First National Bank of Minneapolis in the municipal department.

### Basis Club to Hold Summer Quting

DETROIT, Mich. - The Basis Club of Detroit, formed by the young men in the municipal bond business, has completed the final arrangements for its First Annual Summer Outing to be held at St. Clair Inn and Country Club, St. Clair, Mich., on July 11, 1958.

Members, guests, and interested parties are cordially invited to bring their wives for a day of golf, swimming and bridge. A cocktail party and dinner will follow with the awarding of golf, bridge and door prizes.

Reservations and further information on the outing and for those desiring to spend the week-end may be made through Mr. Edward Parr, Social Chairman, Merrill Lynch, Pierce, Fenner & Smith, Detroit 26, Mich. Phone WO 3-4670.

#### With Commonwealth

(Special to THE FINANCIAL CHRONICLE) COLUMBUS, Ohio - Herbert

H. Beck has joined the staff of Commonwealth Securities Corpo-

#### Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — James P. Allen is with Merrill Lynch, Pierce, Fenner & Smith, 48 East

#### With Mutual Fund Assoc.

(Special to THE FINANCIAL CERONICLE)

SAN FRANCISCO, Calif.—Walter T. Burns is now with Mutual Fund Associates Incorporated, 506 Montgomery Street.

#### With Kenower, MacArthur

(Special to THE FINANCIAL CERONICLE)

GRAND RAPIDS, Mich.-Robert W. Burnham has become con-nected with Kenower, MacArthur & Co., Michigan Trust Building.

#### Charles H. Murray

Charles H. Murray, Secretary of Quail & Co., Inc., Davenport, Iowa, passed away on June 9.

### Galif. IBA Group to **Hold Conference**

LOS ANGELES, Calif. — The eventh Annual Conference of Seventh Annual Conference of the California Group, Investment Bankers Association of America





will be held at the Santa Barbara Biltmore, June 28 to July 1, 1958, according to Curtis H. Bingham, State Chairman, and President, Bingham, Walter & Hurry, Los Angeles

Angeles.

"Because of limited hotel accommodations in Santa Barbara," said Mr. Bingham, "We are one of the few regional groups of the IBA that restrict membership to each convention. We expect about 300 delegates to this year's conference, with about 50 members from out-of-state. Almost every large underwriting house in the nation will be represented."

The Santa Barbara meeting this

The Santa Barbara meeting this year will coincide with the official visit of the national President of the IBA, William C. Jackson, Jr., First Southwest Company, who will be accompanied by the managing director and general counsel, Murray Hansen.

In 1957, the national Governors of the IBA met in Santa Barbara and will meet in the Channel City again this fall, according to Mr. Bingham. The Governors, from all parts of the country, including four from California, will number between 75 and 80 delegates and their natives. In the most this group their wives. In the past, this group has met in Chicago, New York and other major cities.

The Santa Barbara Conference,

patterned after the national con-ventions, has a well-planned four-day program which will include outstanding national speakers, committee conferences, and a social program taking advantage of the city's climate and recreational facilities.

One of the main purposes of the California Investment Bankers is to see that the credit rating of the State and the municipalities re-mains at a high standard. The Group has two committees, legis-lative and municipal securities, as well as a legal counsel in Sacra-mento as "watchdogs" of credit ratings of local and state govern-

Sales of state and municipal

Sales of state and municipal-bonds in California have jumped from \$257 million in 1948 to \$536 million in 1956. The latter figure is 9.8% of the national sales com-pared to 8.6% in 1948. The Legislative Committee this year, under the Chairmanship of Stanley Dickover, Elworthy & Co., San Francisco, cooperated with the Commission of Corpora-tions to secure passage of several with the Commission of Corporations to secure passage of several bills amending the corporations code. Mr. Bingham said that the IBA considered these measures constructive and in the interest of the investing public.

of the investing public.
Forty-one bills considered pertinent to the IBA were passed at the 1957 session of the State Legislature and signed by the Governor.

The committees were successful in having some bills amended to conform to high credit standards for public sale and vote requirements. The Group also opposed legislation that they considered financially unwise. They were unsuccessful in opposing some bills such as A. B. 917 which au-

thorizes the issuance of bonds are: A. C. Karr & Co., Los Angeles; signed by lithographed signatures' Henry F. Swift & Co., San Fran-

The Education Committee, under the Chairmanship of Richard W. Jones, Mitchum, Jones & Templeton, has had a very successful year. One of their main projects was the "Invest in America" week. This included civic luncheons, onen houses essay contests in the open houses, essay contests in the high schools, as well as publicity with the local press.

Training of personnel, educational literature, advertising a d public relations also are a part of the activities of this committee.

Four new investment houses

Henry F. Swift & Co., San Francisco; Witherspoon & Company, Los Angeles; and the Keystone Company of Boston, Los Angeles.

#### M. C. Yerke & Assoc.

COLUMBUS, Ohio-Marvin C. Yerke and Associates, Inc. has been formed with offices at 40 West Broad Street, to engage in a securities business. Officers are Marvin C. Yerke, President; M. E. National Bank and Trust Com-Yerke, Vice-President and Treaswill be represented this year, having been admitted to membership in the California Group. They retary. urer; Maynard M. Donaldson Vice-

### **New Appointment for Estate Planning**

Townsend Management Company has appointed Louis D. Cox as Vice-President of Estate Planas Vice-President of Estate Plan-ning Corporation, its subsidiary. His activity will be directed towards broadening the scope of Estate Planning in the metropoli-tan New York area, including Nassau and Suffolk Counties. Mr. Cox served as President

and Trust Officer of the Roslyn pany from 1937 through 1955. Other connections have been with Western Electric and Ford Motor

Estate Planning, since its inception in 1925, has planned estates aggregating more than \$3.5 billion.

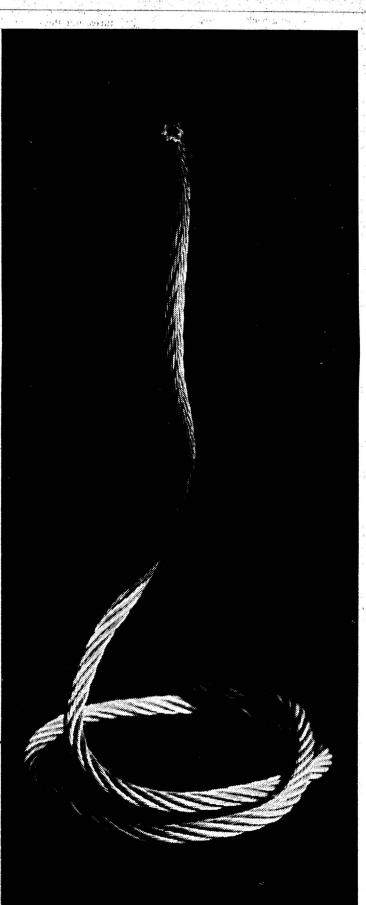
#### Form Herrick, Feinstein

Herrick, Feinstein & Rossman has been formed with offices at 2 Park Avenue, New York City, to engage in a securities business. Partners are Seymour Herrick, Arthur L. Feinstein, Samuel H. Rossman and Stanley H. Levy.

### D. T. Winter Opens

(Special to THE FINANCIAL CHR

ST. PETERSBURG, Fla.—Daniel T. Winter is conducting a securities business from offices in the Florida Theatre Building.



# ROPE TRICK

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### TEXACO

Progress ... at your service



TEXAS COMPANY

# The American Aluminum Industry American economy as a whole, aluminum? The tariffs against industries are going to continue to face a number of more than usu. Americans shipping into these have jobs and the populace gen-

By DONOVAN WILMOT\* Vice-President, Aluminum Company of America Pittsburgh Pa.

An alarm is sounded by Alcoa officer about the aluminum industry's future viability in the face of low U. S. tariff protection against the competition of subsidized or state-owned foreign producers. Questioning the reciprocity of the reciprocal trade agreements, Mr. Wilmot calls attention to the higher foreign tariff rates on U. S. aluminum; notes wage rates in competing foreign operations are only a fraction of those paid here; and looks with misgiving at forthcoming August 1 wage increase which he estimates will exceed 25 cents a man hour and cause considerable soul-searching about a needed rise in price. Asks domestic extruding firms to confine their orders for raw materials with domestic sources and to create new applications to provide orders for existing surplus capacity

whether business conditions have "bottomed out," are going "sideways," will "edge up" or "fall off"

further or what. Person-ally, I am a little tired of the economic platitudes which have been handed out so freely over the past several months. I think we would all be better off if were written and more direct



D. Wilmot

and positive action taken. A lot of salesmen apparently have forgotten, or never have known, about the good, old-fashioned, hard-hitting, direct method selling.

#### Need for Orders

Please understand I am aiming this criticism at aluminum extruder firms. I believe they are
a hard-hitting, industrious bunch.
I think they believe in the oldfashioned idea of working—doing
something about the problem instead of talking about it. I hope that they will use the utmost ingenuity, imagination and diligence in attempting to make aluminum uses grow where they do not now exist. This has been said many times before, but for the sake of emphasis I will say it again. What is needed is "Creativity" — and perspiration! There is a tremendous capacity to produce extruded shapes in this country — I don't have to tell you that. We need to find new applications which will provide orders for the existing capacity. Until that is done there is bound to be a scramble for the inadequate amount of business which is available. We are in the position today where there are all kinds of capacity to produce extruded shapes and surplus of aluminum with which to make them. This is the very situation which I predicted in November, 1955 would come to pass. You wanted metal from us -we want orders from you

and ambitions of aims non-integrated and integrated business in this industry are the same—to obtain business in sufficient volume and at prices which will yield a fair and reasonable profit. The difference between big and small business is largely a question of where you put the decimal point. Personally, I have always had tremendous respect and admiration for the small businessman. He doesn't have a whole staff of specialists in his shop with whom he can consult. He must make his own decisions and act on them. If he is smart, capable, industrious and typically American, he will want his business to grow and, as in many in-

\*An address by Mr. Wilmot before the Aluminum Extruders Council, Williams-burg, Virginia, June 4, 1958.

don't propose to discuss stances it does, he will wake up ther business conditions have stomed out," are going "side-tomed out," are going stances it does, he will wake up some morning to find he is no longer "small business," but "big business." The problems then may involve more dollars, but won't require any better judgment than he had to exercise when he was in the small category.

#### Industry's Expansion

Up to now I have stayed away from facts and figures. I think, however, you should know that the most recent expansion plans of the aluminum industry as a whole involved, according to our estimate, an expenditure of between \$1,500,000,000 and \$2,000,tween \$1,500,000,000 and \$2,000,000,000. This is a lot of money—all of it provided privately and most of it borrowed, involving heavy carrying charges and even—all reassity of repayment. I tual necessity of repayment. I mention this to give you an idea of the contribution which the integrated people in the aluminum industry have made to the country as a whole, not only in providing the necessary material for industrial goods for the civilian economy, but also in assuring the vital materials required in

We want to sell every one of the products we produce at prices calculated to return a fair profit. calculated to return a fair profit.
It will be obvious to you that this is highly necessary if a fair return is to be realized on the heavy capital expenditures we have made for these expanded facilities and older facilities for the production of aluminum and alumi num products. We are the last ones, therefore, to make unjustifiable price concessions which can only defeat the aims I have just described.

#### Realistic Pricing Policy

One factor which has given the aluminum industry an advantage over competing industries has been its pricing policy. This policy has been an important item in aluminum's rapid progress over the years. Because it has been designed to realize a modest re-turn on investment rather than to take-all the traffic would bear at any one time, this policy has en-couraged consumption of the metal and enabled every segment of the industry to increase its size and strength.

It has, however, been impossible to absorb the increases in wages and benefits and the consequent increasing material costs which have occurred with monotonous regularity year after year. The next increase in the aluminum in-dustry under the last leg of the three-year contract between the producers and labor is due Aug. 1 and unless the union can be persuaded to forego or defer it, the increased wage rates and benefits they will realize this year will exceed 25 cents per man hour. If this goes through, our costs will, of course, be increased substantially and we shall have to decide what to do about prices. We don't like price increases any more than you do, but we want to compensate our employees properly and earn a fair return for our stock-

ally-difficult problems resulting from increased costs. I share the opinion of many others that if ome well-considered action is not taken soon, American industry will "cost" itself out of business. For a long while the American people were apparently indiffer-ent to price increases. That situation no longer exists, as you realize. The President mentioned this especially in his speech before the American Management Association in New York on Tuesday. May 20. Somewhere along the route we are going to reach a point of reckoning. In fact, we may have already passed it.

#### **Expanded Output**

Everyone realizes that this country is an excellent market for aluminum and aluminum products—the best in the world. This fact is not lost to the producers and manufacturers in foreign countries. The extruding industry and the Government wanted the domestic producers to expand the capacity in order to provide abundant supplies for provide abundant supplies for civilian and military purposes. This has been done—at great cost.

During World War II there was considerable agitation for the U.S. Government to enter into long-term contracts with a foreign source for its aluminum supply. This proposal was rejected by our military authorities who insisted that this country should provide that this country should provide its own facilities and therefore not be at the mercy of a foreign source. The primary industry must remain strong and will find it increasingly difficult to do so unless the Government provides adequate protection for it against the competition of subsidized or state-owned for eign producers. Wage rates in these foreign operations are only a fraction of the rates paid in this country. I think will find the following comparison interesting:

The present wage rate of the average factory worker in this country is \$2.07 per hour. Average hourly earnings, excluding fringes. in the aluminum industry in the U. S. A. today are in a range of from \$2.50 to \$2.65. In certain competing industrial countries the following wage rates are paid:

Japan	\$.243
Italy	.331
Netherlands	.355
France	.39
West Berlin	.483

The matter of reciprocal trade agreements has been much in the of late. Your President sent a telegram to the House Ways and Means Committee on Tuesday, May 20, in behalf of the Aluminum Extruders Council urging rejection of efforts to increase tariffs on primary aluminum and semifabricated products. This telegram stated in part: "Imports are essenstated in part. Imports are essential to survival of small businesses engaged in this industry, which are being squeezed by pricing practices of the domestic. Big Three' primary producers."

#### Compares Tariff Rates

I think it would be appropriate for me to take time out at this juncture in order to make a comparison for you of the tariff on imports into the United States versus those now effective for imports into certain European countries.

The U.S. tariff on aluminum pig and ingot today is 1.3 cents per pound. On July 1 of this year it will be reduced to 11/4 cents per

France has a duty of 20% ad valorem on primary pig and ingot. On top of this, aluminum items subject to 25% sales tax.

aluminum, alloyed or not, of 25% ad valorem. On most semi-fabricated products its tariffs vary between 25% and 31%. Where, may I ask, is the reciprocity in this set

aluminum? The tariffs against Americans shipping into these countries are something like six to 10 cents per pound as compared to the 11/4 cents U. S. import duty which will become effective on

While on the subject, I'd like to a k this question: "What do you want the government to do regarding the import duty on ex-truded shapes, tubing and rod, which you can make on your extrusion presses"? And — "What about the tariff on fabricated \*\*What of aluminum are now being im-ported into this country at eight to 15 cents per pound under the established domestic market price.

Almost all of your products, I assume, are sold to American consumers. Isn't it reasonable to ask you to buy your raw materials from American firms, especially when there are abundant, even excessive, supplies available to you right here in this country from facilities built at great cost

industries are going to continue to have jobs and the populace gen-erally to enjoy our high standard of living, then something has to be done about our economic relationship with the competing industrialized foreign nations. American industry must not be put at a disadvantage with its foreign competitors. I would be willing to play golf for sizable stakes with a Sam Snead or Ben Hogan if the match were properly handicapped. I am certainly not, however, foolish enough to play items such as window frames, against a Snead or Hogan with no cic."? You may be aware of the allowance for the difference in our fact that many fabricated products skills. They don't even run horse races on that kind of a basis!

I would hope that we Americans would give these complex prob-lems the most serious considera-tion and then arrive at a policy which would safeguard our interests while dealing as fairly as possible with whatever friends we may have made among the foreign

Returning to our own immediate domestic situation, I would again urge all to exert the maxi-Going far beyond the sphere for aluminum products and merely of aluminum, I firmly believe that if the U. S. is to maingreatly expanded domestic capacitain its industrial strength and ties which now exist.

### **Chemist Manufacturers to Spend \$2.5 Billion** On New Facilities During 1958-59

M. C. A. survey reveals record 1957-59 domestic construction program totaling \$3.84 billion. Of this, \$1.3 billion in 309 new construction projects took place in 1957 and \$2.54 billion is expected to be expended in 1958-1959.

Approximately \$2.54 billion will Planned Construction, Under Conbe spent for domestic construction of new chemical production facilities in 1958 and 1959, the Manufacturing Chemists' Association announced in their Washington, D. C., headquarters.

ground-breaking in the near future and completion before 1960

Projects now underway will cost about \$1.83 billion. The price tag on scheduled construction is esti-

mated at \$708 million.

According to results of the MCA's annual survey, chemical producers in 1957 completed 309 domestic construction projects at a total cost of \$1.3 billion.

#### A Record \$3.84 Billion

Combined estimated total on construction expenditures for the three-year period, 1957-59: a record \$3.84 billion. This represents 750 projects by 344 companies in 400 communities of 42 states.

This figure does not include costs for general office, sales office, warehouse or other separate service facilities. Foreign construction and government finance con-

Texas, ranking second behind Central and New England. ConNew Jersey in chemical production, again is the recipient of
the highest total investment for
the three survey divisions of

struction and Completed (1957) Construction. The Texas total \$864.8 million.

ties in 1958 and 1959, the Manufacturing Chemists' Association announced in their Washington, D. C., headquarters.

This estimate is based on the activities of companies comprising the chemical industry—already the nation's third largest in terms of assets—and the chemical operations of firms identified primarily linois, \$119.5 million. States ranking 11 through 20 are New York, Virginia, North 1957-58 MCA survey estimate, includes 322 projects already begun and 119 projects scheduled for ground-breaking in the near fu-

Michigan and Mississippi. Primary considerations in the location of chemical-producing facilities, according to the MCA, generally are the same as those for other industries—availability of raw materials and labor, proximity to prime markets and adequate transportation.

Regionally, the West South Central States — Arkansas, Louisiana, Texas and Oklahoma—lead in to-Texas and Oklahoma—lead in to-tal construction for the 1957-59 period with a collective total of \$1,422,077,000. The South Atlantic States—Delaware, Maryland, Vir-ginia, West Virginia, North Caro-lina, South Carolina, Georgia and Florida—rank second with \$688,-400,000. Third with \$466,459,000 are the East North Central States —Ohio, Indiana, Illinois, Michigan and Wisconsin.

and Wisconsin.
Regions following are, in order,
Middle Atlantic, East South Central, Pacific, Mountain, West North
Central and New England. Con-

### MCA Chemical Industry 1957 Construction Survey by Category (In Thousands of Dollars)

Category Plan	Under Construction	Completed	Total
Fertilizer Chemicals \$45	575 \$50,500	\$114,800	\$210,875
	.000 350,935	260,586	710,521
	987. 517,629	297,403	987,019
	,175 396,332	142,318	614,825
	750 88,550	49,115	242,415
	500 101,820	198,120	451,440
	.050 145,230	134,500	297,780
by	91,000	70,000	161,000
	.125 67,870	31,220	107,215
	,800 25,300	4,250	62,350
Totals\$707	,962 \$1,835,166	\$1,302,312	\$3,845,440

for organics: \$987,019,000.

General inorganics at \$710,521,-000 are in second place, followed by metals, \$614,825,000; plastics & resins, \$451,440,000; synthetic rubber, \$297,780,000; petrochemicals, \$242,415,000; fertilizer chemicals, \$210,875,000; textile fibers, \$161,-000,000; laboratories, \$107,215,000, and a miscellaneous group, \$62,-350,000.

The miscellaneous group covers expenditures difficult to classify in a more specific category, as well as confidential data from other categories. Only those fibres produced by a confidence of the categories. produced by chemical synthesis are included in the textile fibers grouping. Products produced for chemical use from petroleum and natural gas comprise the petrochemicals category.

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Fletcher S.

Crowe has become associated with Stix & Co., 509 Olive Street, members of the Midwest Stock Exchange.

#### Metals Category

The MCA announced that the metals category has been broadened in this survey to include production facilities for all ferroalloys and other special metals. Reason: all are refined or modified by regular to the special metals. fied by regular chemical processes, to a great extent by chemical-producing firms.

These metals include zirconium. These metals include zirconium, titanium, niobium (columbium), boron, tantalum, vanadium, beryllium, uranium, alumina and mercury. Excluded, for example, are copper, magnesium, aluminum, lead and zinc.

Removal from the over-all totals of expenditures for metal processing facilities included in the survey for the first time this year lowers, but does not negate, the record for combined expenditures estimated for the 1957-59 period. Considered particularly significant in these times is the estimated.

cant in these times is the estimated investment in research laboratory facilities. The three-year figure of \$107,215,000 includes \$31,220,000 for completed construction, \$67,870,000 for under construction, \$67,870,000 for december of \$100,000 for the construction and \$81,250,000 for construction and \$8,125,000 for planned construction.

The industry's total research expenditure, including operating and maintenance costs, currently is estimated at approximately \$500 million a year.

#### Leads Growth Rate

The chemical industry long has maintained the highest growth rate for major manufacturing industries. Considered by many to be the most dynamic segment of the national economy, the industry early in 1957 moved into No. 3 asset position for all manufacturing. Total assets today: \$19.6 billion. billion.

iron. The products—as they are listed in Federal reports—have averaged a total capital investment for new plant and equipment of more than \$1 billion annually. annually.
The 85-year-old Manufacturing

Chemists' Association is an industry group representing more than 90% of the nation's chemical production capacity. Its annual survey is considered definitive, however, because it includes all chemical companies in the United States and the chemical operations of firms more closely identified with other industries. Examples of the latter are the rubber and oil companies.

The MCA President is Gen. John

E. Hull, USA (Retired), former United States and United Nations Commander in the Far East. In making the official announcement of the survey results, General Hull

"I believe that the chemical in-"I believe that the chemical industry's investment of billions in the future should be especially heartening to the people of the United States in these times of great international unrest. For the chemical industry is at once a keystone and a harometer in current. keystone and a barometer in our

national economy.
"There are few industries not dependent to a large degree on

for general organic chemicals the products of chemistry," he maintains the No. 1 position in the continued. "Chemistry contributes classification by category. Total for organics: \$987,019,000.

General inorganics at \$710,521,— health, amusements, transportation and our modern weapons for defence. defense.

"Therefore," General Hull concluded, "the fact that this vital industry is demonstrating a continuing active confidence in its own future implies a confidence in the future of our economy and, more inventor to the factor of th more important, perhaps, an abid-ing confidence in the future of our nation as a whole."

#### Stix Adds to Staff

### Halsey, Stuart Group Offers Issue of Central **Illinois Light Bonds**

Halsey, Stuart & Co. Inc. is anager of an underwriting synmanager of an underwriting syndicate which on June 25 offered an issue of \$12,000,000 Central Illinois Light Company first mortgage bonds 4% series due July 1, 1988, at 100.874% and accrued interest, to yield 3.95%. Award of the issue was won by the group at competitive sale June 24 on a bid of 99.9599%. bid of 99.9599%.

Net proceeds from the financing will be used by the company to provide in part for the cost of its construction program. It is estimated that construction ex-

year.

The new bonds will be redeemable at regular redemption prices ranging from 104.88% to par, and at special redemption prices receding from 100.874% to par, plus accrued interest in each case.

Central Illinois Light Company is engaged in Illinois in the generation, distribution and sale of electricity in 105 cities and towns and in rural areas: the purchase

and in rural areas; the purchase and sale of natural gas in 26 cities and towns, and the production and sale of central heating service in Peoria and Springfield. Electricity is furnished in an area of approximately 2.500 seures miles. approximately 2,500 square miles, having a population of more than 446,000.

about \$19,300,000 will be spent pany showed total gross revenues this year and \$23,000,000 next of \$38,417,000 and net income of \$5,426,000.

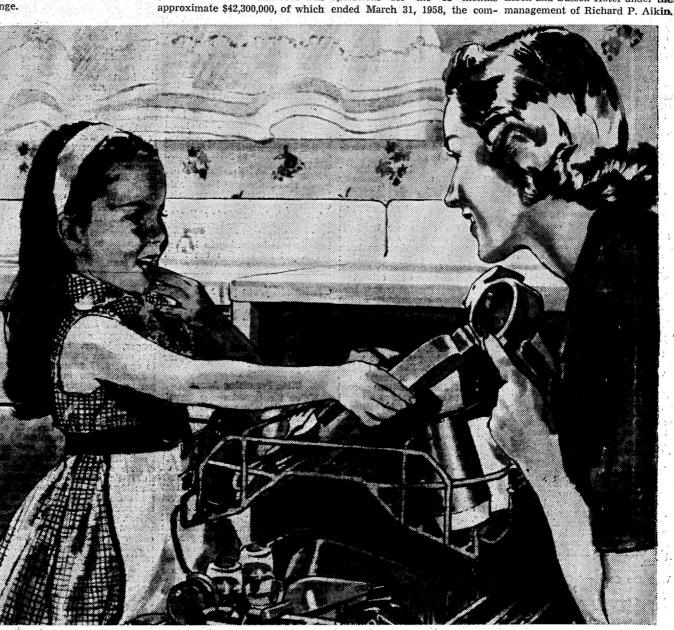
#### Tegtmeyer Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Dalward J. De-Bruzzi, Baxter Dunbar, Paul G. Giddings, William Kougias, Charles S. Needleman, Charles Noty, Philip J. Roarke, Edmund F. Swan, Louis H. Werner and Edward F. Willey are now with Wm. H. Tegtmeyer & Co., 39 South La Salle Street.

#### New Buck Branch

SPRING LAKE BEACH, N. J. -Richard J. Buck & Co. has In an unaudited statement of opened a branch office in the penditures for 1958 and 1959 will operations for the 12 months Essex and Sussex Hotel under the



# You can put this new Cyanamid plastic in boiling water!

Now, for the first time, a rigid thermoplastic material is available that withstands boiling water. No longer will you need to worry about plastic products softening and "warping" out of shape in hot water-if they are made of CYMAC® methylstyrene plastics, developed by Cyanamid research.

Products molded of CYMAC, such as the housewares items and utensils shown here, can also be washed in automatic dishwashers without distortion. Available in all colors, odorless, tasteless and unaffected by sub-zero temperatures, CYMAC will make possible a great variety of new and improved plastic products. This is another example of how Cyanamid research is working to bring you better products at lower costs.

Information of interest about the INFORMATION of therest about the organization, products and activities of American Cyanamid Company and its subsidiaries is contained in a new booklet, "This is Cyanamid." You may obtain a copy free on request. Address Public Relations Depart ment, American Cyana-mid Company, 30 Rockefeller Plaza, New York 20, N. Y.

CYANAMID

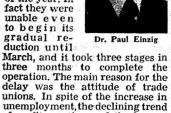
AMERICAN CYANAMID COMPANY, 30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y. When in New York, visit the Cyanamid Exhibit, Open daily 11 A.M .- 9 P.M. Main Floor, RCA Building.

### British Bank Rate at 5 Percent

By PAUL EINZIG

Dr. Einzig writes from England on the reasons for the British Government's decision to lower the Bank Rate to 5% and to relax prematurely its anti-inflation efforts. Refers to compromised acceptance of 3% instead of 5% inflation as a union victory in its endurance test with Government, and attributes increased optimism about the Government's political prospects not to any increase in its popularity but due to increased Labor Party's unpopularity.

to its precrisis figure of 5%. When it was raised it was expected that the au-thorities would be able to return to the pre-crisis bank rate soon after the turn of the year. In fact they were unable even to begin its



of profit margins, and the lessen-ing of price increases, the trade unions have been pressing relentlessly for higher wages.

Since the main object of the increase in the bank rate to 7% was to check wage inflation, it was not justifiable to reduce the bank rate unless and until the change in the economic atmosphere has induced the unions to adopt a more reasonable attitude. Beyond doubt, to some degree the unions have moderated their de-mands compared with 1957 and earlier years. Even so, it seems that they have emerged victorious from the test of endurance. The Government seems to have given up hope of checking altogether wage demands beyond the extent of an increase in productivity.

Although productivity is still static and is even inclined to decline, a round of increase of wages by 3% seems to have been accepted

A 3% inflation is undoubtedly an improvement on a 5% inflation. But it is open to doubt tion. But it is open to doubt whether the improvement is sufricient to justify a reversal of the restrictive monetary policy. And if the credit squeeze should be further relaxed it is doubtful whether wage increases would remain within the limit of 3% per

as permissible.

#### Why the Changed Government Policy?

Government's decision to relax its resistance to inflation is due in part to deflation fears. There is much talk about the "delayed action" effect of recessions abroad on the British economy, and the Government seriously expects an increase in unemployment in the autumn. Even better advices from the United States during recent weeks have failed to prevent the development of this wave of pessimism. Hence the reduction of the bank rate and the tax concession made by the Chancellor of the Exchequer to encourage capital expenditure. There is even some talk about a major tax concession in an autumn Budget to stimulate a revival of

Bid for popularity in prepara-tion for the general election is another explanation of the change of policy. It is true, there is no need for dissolving Parliament until May 1960. But it is inexpedient to leave the election to the very last moment, because it

LONDON, Eng. — Exactly nine might have to take place in cirmonths after the increase of the cumstances none too favorable to bank rate to 7% on Sept. 19, the Government. Political tacti1957 the Bank of England restored class prefer to be able to fix the date sometime during the fifth year of the five-year period, so as to be able to choose a favorable moment.

In order to improve the Government's chances it would be necessary to make a beginning with the improvement of business conditions without much dela For the electorate is not likely be influenced by the evidence of last-minute changes in the trend. In order that prosperity should yield results in the form of in-creased support for the Govern-ment it has to proceed for at least 12 months before the general elec-tion. This means that the recov-ery would have to begin fairly soon if it is to help the Government to win the election.

The Government undoubtedly realizes that economic recovery would not help unless it is accom-panied by a reasonable degree of stability of the cost of living, to allay discontent among the middle classes. On the other hand, it found that the period of relative stability of prices that has been experienced since last autumn has not restored its popularity amidst stagnating business conditions.

So the Government is now tr ing to strike a compromise in the form of moderate prosperity ac-companied by a moderate rise in companied by a moderate rise in prices. It remains to be seen whether, in trying to get the best of both worlds, the Government will not end by getting the worst of both worlds. For the middle classes are likely to remain resentful if their position should continue to deteriorate as a result of the Government's inability to of the Government's inability to check excessive wage demands.
The reduction of the rate of inflation from 5 to 3% a year would not in itself restore the Government's popularity pulse; it is ment's popularity, unless it is accompanied by a really substantial expansion of trade and a really substantial reduction of taxes.

But a spectacular boom would step up the rise in wages and prices. And drastic cuts in taxes are impossible in the absence of drastic economies which would check the boom. In order to be able to reduce taxation, the Government would have to increase the Budgetary deficit, which again would accentuate the rise in prices.

There seems to be no solution which would be an unqualified blessing. The arrangement of dollar facilities which are under ne-gotiation would further reduce the Government's determination to resist inflation. The conclusion of an agreement with de Gaulle to disarm French resistance to the European Common Market would be popular for a time, but the inevitable disadvantages of any such arrangement to British agri-culture and to a number of British industries would produce in the long run the opposite effect. Nevertheless, optimism about the Government's political prospects has increased lately, not because of any increase in its popularity but because of the increase in the Labor Party's unpopularity.

#### Joins Dietenhofer Firm

(Special to The Financial Chronicle) SOUTHERN PINES, N. C.—Arnold T. Jessup is now affiliated with Dietenhofer & Heartfield, 670 Southwest Broad Street.

# European Goal and Steel Community Financing who am I to say anything about metals to this audience. You tell me what may be in the cards in

\$50 million bonds and notes of the High Authority offered to investors.

Underwriting groups managed tional principal amount of bonds sintly by Kuhn, Loeb & Co., annually not exceeding the mantier First Boston Corporation and datory redemption payment. The azard Freres & Co. offered to bonds will also be optionally rejointly by Kuhn, Loeb & Co., the First Boston Corporation and Lazard Freres & Co. offered to the public on June 25 a total of \$50,000,000 bonds and notes of the High Authority of the European Coal and Steel Community. The High Authority is the executive branch of the Community and is charged with carrying out the purposes of the Community, which was established in 1951 by a 50-year treaty among Belgium, France, West Germany, Italy, Luxembourg and the Netherlands.

The offering comprises \$35,000,-The offering comprises \$35,000,-000 principal amount of 5% secured bonds due July 1, 1978 and \$15,000,000 principal amount of 4½% serial secured notes due in three series of \$5,000,000 each on July 1, 1961, 1962 and 1963. The amount of bonds being offered represents an increase of \$10,000,-000 over the principal amount. 000 over the principal amount originally registered with the Securities and Exchange Commis-

The bonds are priced at 97% and accrued interest, to yield 5.24%. The serial notes are being sold in substantially equal amounts of each maturity at prices to yield 4.60% in each case,

Principal of and interest on the bonds and notes will be payable in New York City in United States

The High Authority is obligated to redeem the bonds by maturity in 15 substantially equal annual installments beginning in 1964 at amounted (100%. At its election the High ing the \$100 Authority may redeem an addi- Bank loan.

deemable on and after July 1968 at prices ranging from 101%

A previous public offering in the United States of securities of the High Authority was made in April, 1957, with the sale of \$35,-April, 1957, with the sale of \$35,-000,000 principal amount of bonds and notes through a group also headed by Kuhn, Loeb & Co., The First Boston Corporation and Lazard Freres & Co. In 1954 the High Authority obtained a \$100,-000,000 loan due 1958-1979 from the United States Government through the Export Import Bank through the Export-Import Bank.

The Community is one of the principal coal and steel producing areas of the free world. It was established to contribute to the expansion of the economy, the increase of employment and the improvement of the standard of living of the six Member Countries through creation of a common market for coal and steel.

To this end the High Authority is authorized to make loans to participating enterprises to improve productivity and increase production. The funds of the High Authority are obtained primarily through a levy on the Community's coal and steel production and by borrowing.

Outstanding borrowings of the High Authority on Dec. 31, 1957, amounted to \$165,622,000, including the \$100,000,000 Export-Import

Continued from page 15

### The ''Go'den Sixties''

#### Cites Promising Areas

We've mentioned space travel. That is certainly a major candidate. Nowhere is more work being done than in the investigation and taming of new forms of energy. Atomic energy. Solar energy. Oil from shale. New types of batteries for the storing of energy. What its forms will be I do not know, but you can rest assured that mankind will travel under different motive power a decade hence; will warm itself with different fuels; will turn its machinery with new types of energy.

Automation: This badly overworked word is still magic. Mass production with electronic controls will play a big part in holding down labor costs during the next decade. And this will apply not only to manufacturing, but also to some phases of mining and concentrating. You'll see some surprising tricks done with new tools and new controls.

Office and business equipment: Office and business equipment. This is a field in which vast savings are possible. A good start has been made in the application of digital computers, bookkeeing nas been made in the application of digital computers, bookkeeing and posting equipment of various kinds. But only a start. The equipment itself is being improved rapidly and markedly. New applications are constantly being found, in inventory control, bank operation insurance writing. bank operation, insurance writing, even statistical research. With the vast amount of paper work under which business has been snowed since the war, the wider adop-tion of electronic equipment is necessary to survival.

Automobiles: There has really been little change in the basic design of motor cars since the late twenties. They are fancier,

things to come, but let's look at longer, lower, more powerful, some of the areas that appear less comfortable, and more costly most promising:

to operate. I would expect some major changes in the mode of personal transporation in the next decade. But don't ask me what

their nature will be.

Housing: While the ranch house and the split level have siderable degree supplanted the traditional two-story residence, there has been relatively little change in the materials used or in basic construction methods. Housing costs, consequently, have risen out of proportion to the advance in incomes and in other prices. There is room here for a violent revolution, and it could come. People are slow to adopt come. unorthodox methods and materials in something that represents as large an investment as a home, but this is nevertheless an area to be watched closely.

Certainly, such things as com-bined central heating and air conditioning will become much more common and will tend to obso-lete a great deal of present housing. Perfection of the heat pump, bringing down its initial cost, could open up new avenues. Use of solar heat is another promising avenue.

Water: Many of us in the East don't realize the extent of the water shortage problem in some of the country, sections notably the Southwest, where in-adequate water threatens to stifle population growth. Quite a few companies are working on the problem of making seawater usable at a reasonable cost. One day soon one of them will succeed and we'll have a brand new industry of no mean proportions.

the way of further revolution in metals during the next decade.

These are just a few of the considerations that make me believe our advance in production of goods and services in the next decade can maintain the pace of growth set since the war. That our Gross National Product can reach \$575 billion by 1965 and \$700 billion by 1970.

#### Collateral Conditions

So much for physical volume of goods and services. What are some of the collateral conditions that are likely to be encountered in the next decade?

- (1) Prices: I can see no alternative to a rather steady rise in the price level, for two reasons: Politicians in this country are committed to the Keynesian theory that government spending and deficit financing are panaceas for all economic ills. The vast majority of the people are right behind them. No matter how wrong they may be—and it's been proven time offer time, the the proven time after time-the theory will not down. The second reason is that I can see no weakening of the iron grip of trade union leaders on our economy. Despite the gruesome revelations of the Senate committee, nothing is going to be done soon to break labor's monopoly power and its ability to obtain annual wage increases out of all proportion to increases in productivity.
- (2) Hours of labor: If we are to achieve the level of prosperity indicated here, there will be little or no cut in the hours of labor before 1965. As indicated earlier, population in the working ages will grow less rapidly than the total population through the first half of the next decade. If unions are successful in pressing their suit for shorter hours during this period, the projections for general activity that I have given will probably not be realized. Moreover, we will be confronted with a continued very tight labor market.

The second half of the decade, however, is another matter. During that time, the population of working age will rise at about the same pace as the total population and chances are very good that the work week can be reduced from the present 40 hour standard. the work week can be reduced from the present 40-hour standard to perhaps 35.

- (3) World conditions: The logical expectation, barring war, would be for economies of the rest of the world to advance, percentagewise, at a faster rate than the United States, princi-pally because other countries are starting from a lower base. Many of them could double their standard of living and still be sub-normal from our point of view. Most of them have now advanced beyond the subsistence level, where their entire time and energy are devoted to feeding their bellies and covering their backs. They are beginning to appreciate that life could hold more than bare existence. In their climb from that level, even though it may be modest in terms of per capita consumption, vast new markets should open up. If we play our cards right, we can share more than a little in development of those markets. For that reason, we at Standard & Poor's believe that companies with strong for-eign positions may hold greater promise over the next decade than strictly domestic firms.
- (4) Raw materials. I am one who does not worry about the possibility that the United States y become a have-not nation, three reasons: First, the lab-Metals: Nowhere have greater strides been made than in the metallurgical laboratories. Resistance to heat. Increased tensile strength. Resistance to fatigue. You've see the progress of recent years in these directions, But strength was proportions. The may become a have-not nation, for three reasons: First, the laboratories are finding substitute materials at a rate that is somestimes embarrassingly swift. Sectorally increasing the supply;

(2877) 25

better farming methods continue businessmen to say, "Prices are to result in surpluses, despite going up forever. Things are more to result in surpluses, despite shrinkage of the farm population; and scientific forestry promises an ample supply of wood and lumber. Third, partial reliance on other parts of the world may be a good thing, providing other countries with the dollar balances with which to buy our goods with which to buy our goods. We'll have to become more internationally minded and cer-tainly more skillful in our relations outside our borders, and dependence on others for part of our raw material needs may well help in developing our skills as a creditor nation.

#### Possible Upsetting Factors

Before ending this discussion, I'd like to round it out by dwelling briefly on the things that might tarnish the glitter of the "golden sixties." While I firmly believe the forecasts made here believe the forecasts made here have a better than even chance have a better than even chance of fulfillment and therefore represent the intelligent basis for business planning, it would be conceited of me to say that these views are not even arguable. There are quite a few possible developments that could throw my entire thesis into the ashcan.

Number one, of course, is war. The aftermath of a third world war is something too horrible to contemplate. I happen to believe it can and will be avoided, but we must all admit its possibility.

Number two is the very real threat that the combination of union labor and bureaucratic gov-ernment will so dilute the profit incentive that private capital will not find necessary expansion worthwhile. Few of us realize the extent to which wages, fringe benefits, featherbedding wastes, and taxes have encroached on corporate profit in recent years. Net after taxes of all corporations combined last year was no larger than in 1948, in contrast to a 68% gain in the gross national product. Profits of manufacturing corporations in the third quarter of last year were equal to only 4.7% of sales, compared with a 1947-1950 average of 6.7%, and the ratio right now is considerably less.

right now is considerably less.

Let's face it, money is invested to make a profit. That is the capitalistic system, responsible for the growth of our nation in the past. If we kill this motive, the alternatives are depression or socialization. Perhaps I should say depression and socialization, for the people of this country, increasingly dependent upon government would choose socialization over depression; and socialization over depression and socialization. tion over depression; and socialization would, in my view, be unable to provide the gains we are looking for in the next decade.

Number three among the threats

to fulfillment of this dream for the sixties is that everyone will have the same dream and act upon it prematurely. In other words, there is some danger that we will move too fast in preparing for the vast markets of the future. We have had a small taste of just that. The aluminum, steel, paper, and appliance industries, among others, had moved ahead too far too fast. That is one of the major reasons for the current business let-down. From the standpoint of sound growth in the next decade, it seems to me that the present shakeout is the healthiest thing snakeout is the healthiest thing that could possibly happen. It gives the economy a chance to catch up to itself, and again reminds businessmen that they should maintain a healthy fear of over-expansion of plant and of inventory. inventory.
Such lessons are quickly for-

gotten, however, and some of the things being done or talked about things being done or talked about to "cure" this recession have decidedly inflationary implications for the future. The huge deficits, the tax cut, easy money, expanded social security, etc., etc., suggest to me that we shall again be fighting a rear-guard action against inflation a year hence. In such an atmosphere it will be easy for

attractive than money. And even if we're wrong temporarily, the rising level of activity certain in the next decade will bail us out eventually."

Such an attitude, generally assumed both here and abroad, could considerably alter the pattern of the sixties.

However, I don't think it will happen. I think we'll get little happen. I think we'll get little reminders of reality, such as the present recession, from time to time, with the result that growth over the decade will be fairly healthy. I don't think there will be another world war. I believe corporate management will be smart enough to make profits substantial enough to make attractive the financing of industrial growth with private capital. growth with private capital.

### **Bachert President of** Municipal Forum

William E. Bachert, Assistant Treasurer of The Bank of New York, was elected President of York, was elected President of The Municipal Forum of New York at the annual meeting. He succeeds Robert W. Fisher, of Doremus & Co. The Forum is composed of those interested in various phases of municipal fi-

David H. Callaway, Jr., Vice-President of First of Michigan Corporation, was elected Vice-President; William H. Moser, Vice-President of Andrews & J. Urman is now with Shearson, Wells, Inc., Secretary; and John Hammill & Co., 520 South Spring Fulkerson, Vice-President of D. Weston & Co.

Bankers Trust Company, and Frank E. Curley, partner in Haw-kins, Delafield & Wood, were elected to the Board of Governors.

#### With Paine, Webber

LOS ANGELES, Calif. - Leroy C. Seymour has become affiliated with Paine, Webber, Jackson & Curtis, 626 South Spring Street. He was formerly with Bache &

#### With Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

poration, Treasurer. W. Neal Daniel Reeves & Co., and Daniel

#### Walston Co. Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. -N. Bourke has been added to the staff of Walston & Co. Inc., 550 South Spring Street. He was previously with Daniel D. Weston & Co., Inc.

#### Joins Witherspoon

WHITTIER, Calif. — Philip G. Simons is now with Witherspoon & Company, Inc., 243 East Philadelphia Street.

#### With Kidder, Peabody

(Special to The Financial Chronicle)
BOSTON, Mass.—Lucy A. Rob-P. Kayes, of Lee Higginson Cor- Street. He was formerly with erts has been added to the staff of Kidder, Peabody & Co., 75 Federal Street.

# Low telephone earnings do not mean low rates Good telephone earnings do not mean high rates

Many years ago the Bell System pledged itself to provide the best possible service at the lowest possible price.

We meant it then and we mean

Today, more than ever, it is evident that the best service at the lowest cost in the long run depends on good earnings.

To a considerable extent the public, and we are afraid many who should know better, have come to think that low earnings mean low rates and good earnings mean high

Yet few people have the idea that the lowest earning soap company makes the best and cheapest soap.

The best service at the lowest cost in the long run depends on good earnings



Or the lowest earning meat packer makes the best and cheapest hams. Or that the lowest earning company in any line makes the best and cheapest products and renders the best service.

It doesn't apply to the telephone company either.

There are many ways in which telephone users benefit in both the cost and quality of service through good carnings for the telephone company.

BELL TELEPHONE SYSTEM



# Chemical Company Planning for The Necessary Capital Funds

By L. C. PERKINSON\* Vice-President for Finance American Cyanamid Company, New York City

Financial Vice-President outlines mechanics and judgments generally involved in short and long range financial planning and cash forecasting in the funding of current and new capital projects by companies seeking funds or depending upon cash on hand and expected internal cash flow. Mr. Perkinson is mindful of complex situations in chemical and related drug industries which experience growth, research, new development and obsolescence rate than industry in general. Suggests assumptions of a two-year completion date of construction, working capital needs of about 20% of total capital investment, and unlikelihood that a facility will operate at capacity throughout its life.

of funds that will be needed, and the tim-ing of the requirement.
There is no

peculiar magic or mystery involved and believe there are many a proaches the problem. One arbitrary way to do it is to adopt the attitude



"I've made up my mind, don't confuse me with facts," and then go out promptly and get \$50 million by one means or another.

you might guess wrong. If you do, you could end up in the first case with an abnormal cash surplus otherwise be obliged to suffer from a high financing cost plus unusual restrictions, in forced borrowing in a tight market.

Now, there are situations where it may be relatively easy to make an adequate decision quickly. If, for instance.

is reasonable, but perhaps on the tight side for a growth company with a long list of worthy projects with the strong probability of ad-ditional authorizations of significance over the next year or two.

(2) the money market is favorable either, (a) in terms of low or medium rates for long-term borrowings, or (b) high stock

(3) it seems desirable to have the funds on hand before actually undertaking additional major commitments.

(4) then it may be appropriate to reach an arbitrary conclusion "How can we go wrong by promptly raising 40 million, or some other amount."

If. on the other hand, the cash position is quite satisfactory, the money market is in a low or declining rate is in a low or de-clining rate range, and the com-pany's projected growth is mod-erate, then the decision may well be, "Let's wait and borrow on short-term, as the need arises."

There are more complex situa-tions, not uncommon in the chemical and related drug industries, which have been growing faster than industry in general, and research, new develop-and obsolescence are at relatively high rates.

\*An address by Mr. Perkinson before the Subdivision of Chemical Management Division of Industrial and Engineering Chemistry at the Spring Meeting of the American Chemical Society's Convention, San Francisco, Calif.

My subject in brief, is "How does one plan for funds." I am limiting my discussion to the methanics in determining the amount of funds that the cost squeeze of a cash need in the cost squeeze of a cash need in a tight market on a similiary to the cost squeeze. a tight market, or a significant cash surplus at a high interim in-

#### terest or dividend cost. Making a Cash Flow Forecast

To begin with, a budget or fore-cast of cash flow is needed to indicate when the company's cash-box will need restocking. We all know how essential sales and operating income budgets are. We also know how unreliable they can be . . . remember those for annual and quarterly periods in the recent past, and those for current periods. Inaccurate as they may be occasionally, without them travel in the dark.

In some cases it may be sufficient to forecast monthly cash balances for only the next two years. Sometimes, a 10-year projection seems warranted. Perhaps need becomes immediate, then medium, with projections of take your chances on how much monthly or quarterly cash balyou can get, and at what terms. ances for the first two years. "best" approach. It depends on the particular circumstances, and the judgment of the forecaster—or his

Of course, the starting point in making a cash forecast is the combination of known facts as of a certain date. To these facts are added the readily determinable forward commitments and obligations . . . things like sinking tions . . . things like sinking funds and other debt retirement obligations, and other fixed outlays and receipts of significance,

#### Projecting Retained Earnings

The next step, possibly, is to project the internal cash flow from earnings. Now, it is not really essential to try to guess prospective earnings year by year. The basic requirement is the estimated retained earnings, based upon an assumed rate of dividend payout. To get the advantage of possible range of available cash over a period of years, I would suggest alternate forecasts, one based on a static or minimum rate of retained earnings and the other on a higher or maximum rate.

Then we must take into account the estimated return cash flow related to provisions for depreciation on existing facilities. This shouldn't be a difficult accounting determination.

#### Capital Projects

Next we have to deal with the list of approved capital projects. Let's assume there are 10 major items, each involving several million, and 100 or more smaller items. Most of them are physically underway; others haven't been started. All of them will be completed perhaps at various times during the next two years. Except for the minor items

which can be lumped together and dealt with arbitrarily, it seems necessary to examine each project individually with appropriate personnel . . . perhaps operating,

engineering and construction peo-ple . . . in order to determine the probable monthly rate of cash expenditures, and also the expected completion dates. Obviously, some of this guessing will prove to be wrong.

Then, using the completion Then, using the completion dates as guideposts, it is necessary to estimate . . for each major item . . the amount and timing of the related working capital, principally accounts receivable and inventories raw materials to and inventories—raw materials to finished goods.

Depending on the nature of the beast, the working capital varies, generally within a range of 10 to 35% of the capital investment. (Illustrate—new plant versus upgrading an intermediate.) This makes overall arbitrary guessing inadequate so a specific estimate for each major project is indi-

Naturally too, the return cash flow resulting from provision depreciation on the new facilities to be completed must also be taken into account.

#### Prospective Capital Projects

The next step calls for a good dictionary . . . to make a proper distinction between forecasting, estimating, guessing and speculating. You might call it the science of probability. I'm referring now to the determination of the aggregate amount of new projects to be approved over the next few

In many companies, operating division personnel are annually required to compile lists of prospective capital projects deemed worthy of consideration over the next five years . . . and to classify them according to the year of probable consideration.

It is normal to include in such lists items which are in various stages of study and development, and, of course, some blue-sky items creep in. Year by year, many of the items are deleted but other projects replace them. The lists themselves are a measure of the life blood of a growing company.

Sometimes, such lists are the only reason for compiling a cash as described. ments. Apart from growth projects, they also include a large number of prospective items pertaining to routine replacements, improvements, modernization, bot-

tleneck removals, etc.

Certainly, all of such data (growth and routine items) must be taken into account in making any sort of worthwhile cash fore-The problem is how to do it.

cast. The problem is how to up to Let's suppose we have an aggregate list of many hundred items with an aggregate dollar tag of several hundred million dollars. The items on the list have been submitted by five, 10 or maybe 15

operating division managers.

Now, each of these men, although thoroughly competent, has his own degree of caution, optimpessimism, imagination,

all the other emotional variables.

Obviously, the lists must be screened again, by some appropriate central group of perhaps operating, research, engineering and financial people. It is their job to prejudge the likelihood of aparating and the second of the second o prejudge the likelihood of approvals, based upon available technical and preliminary mar-keting and economic factors, etc.

The ultimate aim here is to end up with a realistic aggregate dol-lar amount and the timing of approvals rather than to pinpoint specific items.

#### Determining the Expenditure Rate

Having appraised the significant items individually, and the other smaller items as a group, and having arrived at totals for each of the next several years for projects likely to be approved and acted upon, there still are several de-terminations ahead.

subject to substitution. A guess at the rate of total expenditure therefore seems appropriate.

If the list of possible approvals for 1958 adds up to, let us say, \$50 million . . . then I would assume that 40%, or \$20 million, would be spent during 1958; another 50%, or \$25 million, in the following year; and the remaining 10%, or \$5 million, in the year after that.

Other people may estimate these average spending percentages at 30% for the year of apages at 30% for the year of approval and 70% for the next year or 20% for the first year, and 50% and 30% for the following two. These figures are arbitrary, and will vary with the preference of the forecaster, and the precisits set of feets. specific set of facts.

Having estimated the rate such construction expenditures, we now turn to the outlay for working capital. In this case, we have to assume some arbitrary average completion of construcof the related working capital. For this purpose, I suggest using an average completion date of 24 months from date of approval, and an estimated working capital in the year of completion at an average of 20% of total capital investment. Of course, some build-up of raw materials and supplies is normally needed be-fore the completion of construction and the start-up of opera-

As step number three, we have to appraise the cash return from depreciation provisions these new facilities. The guessing here could be at an overall rate a year, starting with the of 8% a year, starting with the year when construction is comleted

Having outlined these mechanics, I must now point out that it is fortunate, both for the Tundit is fortunate, both for the fund-seeking company and for the cash forecaster, that there are many compensating factors which tend to minimize the faults which crop up in the kind of cash forecasting

#### Compensating Factors

Estimates for new projects to be approved may be overstated, but there are sometimes additional new capital projects which result from sudden or faster-thanx p e c t e d developments. Also, there are usually other varied cash requirements which fall into the category of a somewhat emer-gency or extraordinary nature.

Then too, if a particular project is deleted, the corresponding deflow from earnings and depreciation which that project would have provided. On the other hand, the uncertainties of a five-year cash forecast may be highlighted by suggesting that today not too many would be willing to give odds on a close range estimate of your sales and earnings for the current month.

There's another phase of plan-ning involved in the funding of new capital projects. That is the conservation or use of the cash you have on hand, and that which you expect to raise internally from earnings and depreciation.

#### Limiting Investments to Internal Cash Flow

I'll put it another way. If a decision were made to raise no new funds and to limit investments in new projects to the amount of in-ternal cash flow . . . then the financial officer has a problem of allocation. In such a case, the would involve allocation of funds to the most desirable or urgent projects. In the normal course management would have to pre-The first is the rate of expensions scribe criteria in terms of number diture. How fast are you going to of years of payout, return on in-

spend the money for these still vestment, etc., as partial guides unapproved projects? The total in classifying projects as to relamount of the projects may reptive importance. In a medium or resent a realistic guess, but the detailed amounts are variable and financial officer would be only one of a group to so judge projects in terms of the degree of desirability. If the situation were one where the aggregate of the "most desirable" projects was greater than the cash on hand and that forecare and if the desirion that foreseen, and if the decision is still against raising outside funds, then the problem boils down to determining which of the worthy projects get priority.

A clock pendulum **must** operate in a fixed range. In business it is different. While the long-term trend is definitely up, the mediate swings are sometimes sidewise and at times down. Fi-nancial planning should embrace judgment on these swings and the possible timing of the corrections In particular we should almost never assume that a facility will operate at capacity throughout its life. We should try to keep up to date on the latest economic forecasts of business generally and the trends in the money markets.

Much, sometimes too much, has been said about the current significant readjustments. Since psychological factors play some part in business cycles, perhaps each of us can do our little bit currently by talking and acting as though we recognize the fact that such swings are inevitable and, although distasteful, are some-times corrective. I don't think we are approaching a calamity which would justify "boondoggling" or which would warrant prematurely any significant tax reductions. Also, I don't think we can just talk our way out of a recession so I'll pipe down.

### George B. Ashby With Barret, Fitch, North

KANSAS CITY, Mo.-Geoge B Ashby has become associated with



George B. Ashby

Fitch, North & Co., ferred spending for investment 1006 Baltimore Avenue, members and working capital is partially of the Midwest Stock Exchange offset by the reduced return cash Mr. Ashby was formerly with Mr. Ashby was formerly with E. F. Hutton & Co. in their trading department.

#### Named Director

J. S. Baker, Jr., a Vice-President The Chase Manhattan Bank, of the York, was elected a director of the Alpha Portland Cement Co., Easton, Pa., on June 20.

Mr. Baker, who started his business career with H. C. Wainwright es career with h. C. Wahright & Co. in 1939, was with the Penn-sylvania Company for Trusts and Wills from 1940 to 1942. Joining the Bank of the Manhattan Company in 1945, he was named a Vice-President in 1952. He retained this position at the time of the merger of Chase National Bank and the Bank of the Manhattan Company in 1955 when he was assigned to the United States department, the Bank's national territorial organization. Mr. Baker became associated with the metropolitan department, in which he is now a supervisory officer, in 1957 as Assistant to the Executive Vice-President in Charge.

### Securities Salesman's Corner

By JOHN DUTTON

#### Don't Forget Radiation!

One of the added compensations to do a good, long-term job with that comes from selling high- his investments. grade, sound investments to people About five years ago I opened who are true investors, rather than such an account in a neighboring who are true investors, rather tran to speculators, is the referrals that you can obtain from satisfied clients. I would like to qualify what I believe to be a desirable investment account as it pertains to individuals. It takes a good investment broker or salesman, who work together as a team, to achieve satisfactory results investment-wise over the longer term.

(1) Emphasis on security of capital and income. Investors who are dependent to a greater or lessor degree on increasing either their earned income, or who have meed for unearned income, or who have need for unearned income, are the most valuable clients you can ac-quire. Sometimes you can do busi-ness with a professional person or a businessman who also wished to increase his estate and his capital by acquiring sound "growth type" investments, but this indi-vidual is not to be confused with the market trader or speculator. The man who cannot afford to waste his capital by following highly hazardous ventures in the stock market, or in any other type of speculative activity, is a better clients because he does not ex-pect "sure things," "free rides" and "ten for one," payoffs. Cer-tainly, if you are dealing in realitainly, it you are dealing in realistic ties it is completely unrealistic to believe that you can ever achieve a satisfactory and lasting relationship with this type of speculative account. So point one try and do business with IN-VESTORS.

(2) Your desirable client must have the time to think, and also the understanding to make de-cisions that are based upon a real-istic approach to his investment needs. If a man will not tell you about his investments and also give you some idea at least of his tax position, his obligations, and his objectives, you are going to find it difficult to show him suit-able investments. When an in-vestment salesman has developed a clientele of from 50 to several hundred substantial accounts, he has plenty on his mind in properly servicing these customers without having to play "cops and robbers" with any individual who will not give him sufficient confidence to give him sufficient confidence to make it possible for him to come up with desirable and suitable suggestions, unless he tries to make it a guessing game. Find your customers among intelligent, practical, hard-headed men who want to do business with you because you can save them the time, study, and the effort of running an investment account, and be-cause you can help them "pick good and suitable securities."

This, in brief, is what I call an investment account that is desirable. People who need security of capital and income (and growth) or (both), and people who will give you their confidence. If you have the merchandise, and the experience to know what to suggest, and when to suggest it, and you don't have to try to beat the market every day in the week, you have a desirable customer.

type of investor he appreciates service, your keeping him advised of attractive offerings of new isfriendship is the result. He isn't Grant to partnership in July 1. looking for the impossible but he

such an account in a neighboring city about 200 miles from my of-fice. This man was retired. He fice. This man was retired. He owned too much real estate, common stocks, and too few tax-free bonds. We started out slowly and every month he would buy five or 10 bonds. We waited for attractive offerings, I bided my time and I tried my best to show him sound bonds at the very best prices. Several years of this and we became well acquainted and all the business was completed by all the business was completed by phone and mail. Several times I visited with him, but mostly our meetings were social. I finally reviewed his entire list of stocks and from time to time we made a few changes. One day a small block of bonds came to my attention that our firm had reason to believe would be called at a pre-mium. We bought them at a substantial discount and naturally we placed them with people who were REGULAR AND steady clients. I called my friend who usually bought not more than 10 bonds and I told him that I thought it wise if he could arrange it that he should buy 20 and he did. Ten months later these bonds were called and he wrote me a very nice "thank you" letter.

I then waited a few weeks and I wrote him that since we now had tested our business results pretty well that I wondered if he might not have some friends that should also invest some of their capital in tax-free bonds. He wrote me that he would like to introduce me to a few people and several days later I visited him at his office. We met his Doctor, a retired landowner who had been on the same board of directors with him for years; two business men; and the President of his bank (where he is also a director). This day was spent making actrend high quaintances—he accompanied me done soon. by appointment on every call. Out of the six people I met I am now doing business with five of them, don't forget the bank.

I have always had difficulty with radiation in the investment business because people do not like to take the responsibility of recommending a salesman or a security—the possibilities of losses are always foremost in their minds. But in such cases as these, minds. But in such cases as these, where you are doing an investment job for a qualified investment client, you may ask for referrals. If you have done a good job you will get them. But you must usually remind your customer—people don't go out of their way to recommend investment men no matter how wellment men, no matter how well qualified, unless they are buyers of conservative, quality type, se-

#### Two With Wm. J. Mericka

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Gary A. Galdun and Richard W. Killius have been added to the staff of Wm. J. Mericka & Co., Inc., Union Commerce Building, members of the Midwest Stock Exchange.

#### When you do business with this Hutchins, Parkinson Admit

BOSTON, Mass. — Hutchins & Parkinson, 27 State Street, memsues, sending him data concern- bers of the New York and Boston ing his holdings, and a general Stock Exchanges, will admit John

Stephen T. Whitney will withknows that you are helping him draw from the firm on June 30.

### Losses of Life and of Property from Fires

In calling attention to 43.9% rise in annual dollar value of fire losses in the past decade and the loss of life involved, Mr. Babson points out what insurance can never fully cover and observes that life and property losses are excessively and unnecessarily high. Suggests certain safety and preventive measures and sees in this area a great opportunity for constructive labor union leadership.

I have not before commented on I have not before commented on the terrible factory fire in New York City of some months ago because I wished to get the facts.

I have now secured these facts through the Home In-

the Home Insurance Company of New York, which I consider the best fire insurance Company of New York, which I consider the best fire insurance Company of New York, which I consider the best fire insurance Company of New York, which I consider the Manager I consider the Manager I consider the I consider th surance company in the United States, and of which I am a proud s m a l 1 stock-holder

Roger W. Babson

holder.
The finan-

cial losses in-curred through fire are usually covered by insurance. But insurance can never fully compensate for loss of life, loss of a job, or loss of a successful business. Often this also means that the city will lose taxable property, because to-day after a fire the owners often use the insurance money to relocate in some other more suitable location.

Last year the dollar volume of Last year the dollar volume of fire losses in the United States climbed to a new high of \$1,023,-190,000, up 3.4% from 1956. Dur-ing the past ten years, the annual dollar value of fire losses has jumped 43.9%. Of course, infla-

#### Importance of Sprinklers

Importance of Sprinklers

Except for those caused by explosions, nearly all fires could be smothered at their start if people would not get panicky and if they had proper fire-extinguishing equipment available. Fire losses could also be cut if we would learn how to use more fully the various fireproof building materials and home and office furnishings now on the market.

During the past winter, I have

During the past winter, I have been shocked at the losses of life been shocked at the losses of life and property which have occurred in a series of fires in factory buildings. The New York blaze, above mentioned, snuffed out 24 lives. All of these lives could have been saved if the factory had had a "sprinkler system." Of course, regular fire drills are helpful; but factory workers get panicky and forget what the drills taught them. The only answer is stricter fire The only answer is stricter fire laws which would compel sprink-lers which would put out fires before they could gain headway and become unmanageable.

Sprinklers afford the only real protection in factories employing more than 50 people. They are not costly to maintain once they are installed. The installation investment in sprinklers is also profitable financially because, to a certain etxent, their cost is offset by lower insurance rates. When you or one of your family accepts a or one of your family accepts a job, see if he or she is protected tion of building costs has been an by sprinklers. Small factories are important factor in this increase. the very buildings which consti-Nevertheless, the sad fact is that tute the greatest fire hazards, with losses of life and of property from corresponding loss of life and jobs. fire are excessively and unneces- If their owners will not act volsarily high. And these losses will untarily to remove these unnecestrend higher unless something is sary fire risks, then we must have anza is now associated with Earl stricter fire laws to make avail- A. Holtham, 1024 J Street.

able to every reader the protection that only sprinklers can give.

#### Great Opportunities for Labor Unions

Most of our newer buildings, whether large or small, residential or commercial, are equipped with various fire-resistant features. Fire-proof doors are now fairly common. These safeguards will confine a fire, but they will not eliminate its destructive powers to life through panic and smoke. Now that labor unions are being so severely criticised, they should become more interested in conbecome more interested in con-structive measures which will truly benefit their members. Surely one of these is that every factory in which union labor is employed should be protected by sprinklers. sprinklers.

These unions could also urge that more asbestos be used in the construction of factories, stores, and homes, as well as more ex-tensive fire-alarms systems and sprinklers. I have in mind asbes-tos gloves to be worn by those who are suddenly called upon to who are suddenly called upon to put out small fires; asbestos bed strips designed to help prevent fires due to careless smoking; asbestos desk portfolios in which to keep important letters and papers. You can also buy flameresistant draperies, rugs, and textiles. I forecast that the day will come when we will sleep on asbestos pillows and wear-nonbestos pillows and flammable pajamas!

### Mrs. Bay Sails on **Mediterranean Cruise**

Mrs. Charles Ulrick Bay, Chairman, Executive Committee, American Export Lines and President and Chairman of the Board of A. M. Kidder Co. with her daughter, Synnova, sailed June 21 from New York aboard S. S. "Constitution" for the Mediterranean and southern Europe, While in Europe, she will visit Norway with her daughter. Mrs. Bay is the widow of the former United States Ambassador to Norway. man, Executive Committee, Amerbassador to Norway.

#### With Earl A. Holtham

(Special to THE FINANCIAL CHRONICLE)



### grow in Puerto Rico

Ideal "June" weather the whole year 'round, in a land of inspiring scenic beauty, sets the framework in which more than 540,000 energetic workers are rapidly building a prosperous homeland, in modern Puerto Rico. They have also created a broad, fertile field for safe investment.

The tremendous progress Puerto Rico has made since1950-in employment, industrial production, public health, housing, overseas trade, living standards, public utility services and efficient farminghas caught the attention of the entire free world.

Over 4,000 trained observers have come to Puerto Rico in the past few years to study the Commonwealth's remarkable economic advances at first hand. They came from far-off Burma, Egypt, Indonesia, Iraq, Japan, New Zealand, Pakistan, Spain and South Africaand from nineteen Latin American republics!

Among the many opportunities for capital from the States are the well-secured, tax-exempt bonds of Puerto Rico and of its various revenue Authorities.

#### GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

FISCAL AGENT FOR THE COMMONWEALTH OF PUERTO RICO

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37 Wall Street, New York 5, N. Y.

### The Global War Against Disease

By JOHN T. CONNOR\* President, Merck & Co., Inc.

Leading pharmaceutical-chemical manufacturer recounts Soviet record in medicine and drugs, suggests we no longer neglect to utilize medicine in foreign aid, challenges Soviet Union to a "longevity race" and programs some of the vital things we would need to do in order to win. Mr. Connor proposes that the winner of the race would be the first country to raise average life expectancy to 75. Observes Russians have yet to develop an important drug on their own; notes, despite defects, even Russian refugees praise Soviet medical program; and speculates whether USSR will export its most successful innovation, i. e., medicine, to underdeveloped countries of the world

chemical industries are beginning to flex our mus-cles, but we are also fully conscious of our origins. Many of our products and processes were born in chemical laboratories here abroad. and we are both willing



proud to invite public attention to their parentage.

We are willing and proud, too, to talk about our own contribu-tions, particularly those to the health of the American people. But in this era of competitive coexistence, it is wise to look over our shoulder at what the Russians are doing before we drink any toasts to our achievements. I have done this and it has sobered me. I'll try to explain why.

Before I take the plunge, let me say that I am well aware of the dangers that beset all analyses of the Soviet system. I have had to depend, for the most part, Soviet sources, which we should accept only with caution. This has been supplemented by written and oral reports of visiting British and American medical teams and few postwar books on the ject. I have not yet been to subject. the Soviet Union myself.

#### Facing the Facts

One danger, however, does not concern me. That is the potential criticism of those who hold that failure always to condemn every-thing Soviet is tantamount to approval and failure to praise everything American is equivalent to criticism. I assume that we believe that frank discussion is as important in medicine as it is in every other aspect of life. On that assumption, I shall try to give you the facts as straight as I can.

To understand Soviet medicine, we first must understand the theory around which it is organrized. A sick man, in the Soviet view, is a parasite. He cannot shoulder a gun, run a tractor, tend a machine, or launch a satellite. The original Bolsheviks decided that, if Communism were to survive, Russia had to be strong; to be strong, it had to improve the health of the people. This was the theory. There has been no deviation from it since the beginning.

Lenin put it more graphically. At the height of a typhus epidemic in 1919 that killed about million Russians, he told the Congress of the Soviets: "Com-rades, either the louse defeats Socialism or Socialism defeats the

The point of the story is not that Socialism defeated the louse,

\*An address by Mr. Connor before the Annual Meeting of the Manufacturing Chemists' Association, White Sulphur Springs, West Virginia, June 12, 1958.

Having pushed our sales volume well across the \$2 billion long before. The point is that, mark last year, we in the pharmaceutical and related fine and medicinal which U.S. capitalism had routed long before. The point is that, since the October Revolution, the Bolsheviks have looked upon discase as an enemy of the State.

rom the very beginning, they have seen a direct connection between health, life expectancy and industrial progress. At the time of the Revolution, the estimated life expectancy of the average Russian at birth was about 40 years. Such a short life meant that the State would get relatively they years at production out of the few years of production out of the average man in return for its in-itial investment in his food, clothing, shelter and education. The Kremlin was committed to a program of industrialization, the capital for which could be accumulated only out of the production minus the consumption of the workers and peasants. That left the Soviet Union with only two alternatives: either increase the actual length of life of its people enormously or else accept the fact that capital could not be accumulated fast enough to build a powerful modern state in less than 100 years. The Russians chose to try to improve the health of the nation and lengthen life expectancy to Western levels.

The Soviets proceeded to do without draining too much manpower and resources away from other major objectives. They launched a nation-wide campaign of sanitation and public health education. They built hospitals as fast as they could spare materials and labor from other projects. They established clinics in plants, offices and collective farms, so that sickness could be discovered early and the number of lost work cut to the bone. They set up medical schools to mass produce general practitioners, public health doctors and pediatricians. They ordered their pharmaceutical in-dustry to try to copy Western drugs.

Now let us take a closer look et some of the major aspects of Soviet medicine. First, the doctor The most noteworthy aspect of the Russian doctor is her sex. Three out of four physicians are women. This is not surprising, women. This is not surprising, since 45% of all employees in the Soviet Union are female. Women can be found in every occupation—from digging ditches to manning research laboratories.

After ten years of intensive elementary and secondary education, including four years of chemistry, five of physics and six of biology, the prospective Russian doctor goes directly into medical school for six years. She pays no tuition; in fact, she gets a yearly stipend from the State and a bonus for good marks. On graduation, she had a bonus for good marks. On graduation, she had a bonus for good by the property of the property loyalty does not belong to her patients, but to the State. For the rest of her life, she is its employee and subject to its dicta.

According to official Russian statistics, this mill has been grinding out physicians at an impressis now wisive rate: 16,000 a year, or more is beginn than twice as many as the United mentum. States. Before the Revolution, there were only about 17 doctors

Have J

startling. By 1956 the proportion was already 25% better than ours: 164 per 100,000 people, compared with 130 per 100,000 in the United

Quality may be something else again. Including two years of internship and residency, an American doctor has had 22 years of education behind him before he starts to practice on his own. His Russian counterpart has had only 16. Well qualified specialists are still scarce in the Soviet Union. And the average Russian physician is backed by poorer facilities equipment and research. He has far fewer modern drugs and instruments at his disposal.

What is it like to be a doctor in What is it like to be a doctor in Russia? By American standards, fairly dismal. Even by Soviet standards, not too good. The average pay is substantially less than that of a coal miner. The status, as well as the pay, is well below that of the high priority professions when averaging the professions when averaging Then. sions, such as engineering. Then there are all the frustrations of being an employee of an enor-mous bureaucracy, with Commu-nist Party interference, work norms set by the Ministry of Health and mountains of red tape -"medical ethics and ideals trymedical ethics and ideals trying to live under uncompromising
political control," as Dr. Gunnar
Gunderson, President-elect of the
American Medical Association,
put it on his return from the Soviet Union last winter.

But there are compensations, particularly the rate of progress. An outstanding example of this is the enormous hospital construction program. By 1956 the Russians claim they had provided the doctors with 1,360,000 hospital the doctors with 1,360,000 hospital beds, or about seven for every 1,000 persons. This still does not come up to the U. S. ratio of near-ly ten beds for every 1,000 per-sons, but at their current rate of expansion the Soviets should be able to close the gap in less than five years.

Let us now glance at Soviet medicine from the point of view of the patient. He doesn't see a family doctor; there is no such thing. He goes to the local polyclinic, where he gets free care from the physician on duty. The care will not be up to American standards of quality, but it is interesting that competent Western observers have noted that it is observers have noted that it is warm, human and thorough.

The Russian patient may see a doctor as often when he is well as when he is sick. The Soviets give outstanding attention to preventive medicine. Periodic physical examinations to catch disease early begin with childhood. John Gunther found that Public School 151 near Moscow had a full-time doctor and nurse in attendance. Dr. T. F. Fox, who headed a Brit-ish medical mission to Russia in 1954, reported that the populace suddenly be confronted by a small team of specialists who have invaded a factory or office to examine everybody in it. In the eight years preceding his mission, he says, the Russians claim to have examined 60 million for cancer using teams generally consisting of a surgeon, gynaecologist,

radiologist and internist.

Now let us look at the two factors that have probably contributed most to the improvement of America's health in the past decade: medical research and the development and production of new drugs. How have these two fared in the Soviet Union? So far, not too well.

It is difficult to take the meas-

ure of Russian medical research. The consensus of those who have been to look seems to be that it has suffered from a relatively low priority since the Revolution, is now well behind the West but is beginning to pick up real mo-

#### Have Yet to Develop a Drug

for each 100,000 people in Russia. As for drugs, I have searched. The rate of progress has been rather diligently and have yet to

unearth a single important one that the Russians have developed on their own. They admit this. In the summer of 1956 the official text of the five-year plan for pharmacology made the following uncharacteristic confession: "In the search for new therapeutic agents (the Soviet Union) still lags behind the large capitalist countries."

The record shows that every single major drug group devel-oped since the Russian Revolution was discovered by the West: the anti-diabetics, vitamins, sulfa drugs, antibiotics, hormones, antihypertensives and mental health drugs. The Soviet score to date is: Zero.

The reason is quite simple. Moscow found that it was far less costly to pirate Western drugs than to discover and develop their own. It usually takes many million dollars of research, develop-ment and testing before an Amerdeliver a major new drug to the medical profession for general use. And, before the Russians could duplicate our success, they would have to make, as we have, a national investment of time and billions of dollars to build up the needed skills, experience and facilities already possessed by our industry, universities, research institutes and government.

Pirating drugs, however, is not an easy game, as the Soviets are now learning. It is one thing to translate our medical journals and patent applications and make a Chinese copy of an uncomplicated remedy. But some of our most important new drugs are extremely difficult for even our own highly developed pharmaceutical industry to manufacture and have turned out to be too complex for the present skills and facilities of the Russians. The five-year plan, referred to above, contains a long list of drugs that are in common use in this country but had not yet been made available to Soviet physicians.

One example will suffice. This one example will surfice. This is cortisone, which, I am pleased to point out, was first synthesized in a practical way a full decade ago by a young Merck chemist, Dr. Lewis Sarett, following the trail blazing work of Dr. E. C. Kendell, The Burging bearing Kendall. The Russian pharmaceutical industry is still fumbling with it ten years later. In con-trast, it is my painful duty to relate, Merck's competitors here at home were so highly developed that it took them only a very short time after being licensed to get into the cortisone competition. And some of them even took the with their own improvements.

#### Complain About High Prices. Too

Since 1935, Soviet patients have just had to pay for their prescriptions, and you will be interested to learn, they are as articulate on the subject of high prices as the

average American.

The Soviet drug industry is the target of many other complaints: recurrent shortages, maldistribu-tion, and acres of red tape that stick to everything like old-fash-ioned fly paper. The Minister of Health talks publicly about "sabotage" and Pravda, in typical Soviet gobbledegook, about "flagrant examples of the incorrect attitude toward the dissemination of the of the achievements of science.

The stickiness of Russian bureaucracy has never been better described than by the popular Soviet writer, Vladimir Dudintsev. I recommend that you read his remarkable novel, "Not by Bread Alone," which was recently published in the United States. In the meantime, listen for a moment to this letter in the Soviet humor magazine Krokodil:

Six years ago our mine was to be equipped with X-ray equip-ment, Five years ago we com-plained to the Khabarovsk Health Department, to the Health Min-Kovrigina, and let her report to

istry and to the Ministry of Nonferrous Metals on the one-year's delay in obtaining the equipment. four years ago we described the two-year delay; three years ago, the three-year delay. Two years ago we wrote about the four-year bureaucratic tangle on the same X-ray equipment, and a year ago we received the apparatus. But now, dear Krokodil, we are complaining of the yearly delay in having an X-ray specialist assigned to us. We sent our man to learn this difficult occupation. They trained him and assigned him elsewhere. What are the prospects for this year?"

After reading a few hundred of these complaints, dear Krokodil himself may be ready to do a little of what the Russians so quaintly call "incorrect thinking" and speculate about the efficiency and speculate about the efficiency of competitive capitalism, which has made possible in the United States a high rate of discovery of new medical products, abundant production, fast distribution and rapidly declining prices.

### Refugees Even Praise Russian Medical Treatment

Now, in view of all this criticism, what do the Russians them-selves think of the medical treatment they receive? Even the refugees from Soviet tyranny are sold on it, as Dr. Mark Field of the Russian Research Center at Harvard, author of the recent book entitled, "Doctor and Patient in Soviet Russia," discovered when he interviewed 1,650 of when he interviewed 1,650 or them in Germany and the United States. The main reason appar-ently is that medical care has been used from the beginning by the Kremlin not only to raise the productivity of the Soviet Union but also to make propaganda for the Communist Party. This propa-ganda has left its mark. From the point of view of popular approval by the Russians themselves, the Soviet health program may well have been the most successful in-novation the Russians have introduced in the 40 years since their Revolution.

Let me now ask a question I have asked myself. It is a rather chilling question and I am not yet sure of the answer. Is the Soviet system of medicine, along with the enormous support and loyalty it generates, exportable to the under-developed countries of the world? I have no doubt that the Russians are getting ready for export, otherwise they would have begun by now to slow down their production of doctors, nurses, and other health personnel, who now number about 2,750,000 persons— or better than one out of every 100 citizens

Before we rate ourselves against this kind of competition, let us just see how well the Soviet medical system stacks up in terms of results. There is no yardstick that will measure all the aspects of a nation's health. The one that comes closest and is both objective and readily understood is the longevity rate, or the average length of life. Fortunately, the Soviet Union has recently pub-lished some information on longevity, so we now have a basis for comparing the results of her health program with our own.

Before I quote the figures, how-ever, let me give you to two guideposts on Russian statistics. On the one hand, they are no-where near as valid as our own. where near as valid as our own. They are based on incomplete information and no raw data are available with which to crosscheck the conclusions. On the other hand, the experts warn us that Russian statistics are not pure fabrication. The Soviets have probably done their best. We would do well to accept what is handed out as at least representative of the truth. are based on incomplete tative of the truth.

With this caution, I shall now

you in her own words. This is lenge this country has ever faced which of us can first attain for what she told the Congress of the Supreme Soviet last fall on the 40th Anniversary of the Revolution. United States into a second-class century.

"As a result of the steady rise in the economic power of the So-viet State and of the ceaseless concern of the Party and Government with the development of public health, there have been great improvements in the state of the people's health. . . . As regards a number of statistical rates, the Soviet Union has taken first place place by comparison with the leading capitalistic counthe leading capitalistic countries... The level of life expectancy in our country has risen from 32 years in 1896-97 to 44 years in 1926-27 and to 67 years in 1935 56 th years in 192 in 1955-56."

#### Life Expectancy Improvement

The Soviets have made this remarkable record by cutting their mortality rate 75% since the the Revolution. They have made most of their progress in fairly recent years. By 1927, their longevity rate was still more than a quarter of a century behind ours. By 1956 they had pulled themselves up within reaching distance: a life expectancy at birth of 67 years compared with 69.5 in the United

But before we project their steep curve of progress too far into the future, let me try for a moment to put it into a little perspective. In the first place, it is not unique. Our own Territory, Puerto Rico, with its Operation Rootstrap, has done even better Bootstrap, has done even better. In just 15 years it added 50% to the average length of life of its citizens. By 1955 it had passed the Soviet Union and reached a life expectancy of 68 years. And all this was accomplished, not by sacrificing freedom, but by extending it.

Secondly, the Russians have made most of their progress in longevity simply by borrowing Western methods of sanitation and the control of contagious diseases. As one doctor explained to me, up until the discovery of the sulfa drugs in the middle '30s gave birth to the modern pharmaceu-tical industry, most of the credit for raising our life expectancy should go to the much lampooned American craze for modern plumbing.

So much for the past. Now what about the future? Before I answer that question, let me put it within the context of the Soviet Union's long-term growth. We have always thought that our massive, dynamic economy—still twice the size of theirs—would give us enough surplus to take on any new challenge from the Rus-

For too many years now I, for one, have been focusing my attention on the weaknesses of the Soviet economy and brushing off the evidence of its enormous vigor and its growing strength. For 30 years now, ever since the first Five-Year Plan was launched in 1928, the Russians have expanded their economy at a rate twice as fast as ours, despite the devas-tation of World War II. We would do well if we took seriously the inaugural promise Nikita Krush-chev made when be became Premier in March and said: "We shall ard of living." A few weeks later it would also be in line with our he was even more graphic about it when he told our Ambassador at a reception in Moscow: "Watch be disease. out, Mr. Thompson, we are treading on your tail."

The head of our Central Intel-

power.

With our life expectancy at The dimensions of the threat to 69.5, we have a little more than freedom are now clear. They five years to add to reach the goal stretch right across the spectrum of 75. The Soviets say they are of human needs. If the Soviet not far behind and are coming up Union can meet these needs more fast. It should be a beneficial efficiently than we can, it will, competition and promises to be a at least in the short run, win the tough race. allegiance of most of mankind.

One of the most fundamental are young, may think of Psalm 90, of these needs is the one I have been talking about with you to-day: good health and a reasonably and ten; and, if by reason of long life. The Soviet Union has made gigantic strides toward fill-their span but toil and trouble." Ing this need at home. Should it One could ask: Why more years? This is a good question. But ing this need at home. Should it One could ask: Why more years? continue its present rate of progress for another five years and the answer is even better. Toil then start exporting trained mediand trouble notwithstanding, ical teams to sell Communism as man's most primitive urge is to the only way to fight disease, it live, no matter how young or how will surely be treading on our old he is. The progress of Westtalls as we search for friends ern culture is measured by the among the under-developed people of the world. Let us rememof a single human being.

Longevity is not just a statistic.

unskilled enlisted men volun-teered for the hopeless job of givunskilled enlisted men teered for the hopeless job of giv- we will also enrich it, by improving primitive medical care to half ing the health and increasing the a million refugees streaming enjoyment of all mankind. a million refugees streaming down from the North ahead of the Communists. This is what he said he had learned from that experience:

"We had seen simple, tender ving care—the crudest kind of medicine practised by mere boys
—change a people's fear and
hatred into friendship and understanding. We had witnessed the
power of medical aid to reach the hearts and souls of a nation. We hearts and sours of a nation. We in which we are far stronger than had seen it translate the brotherhood of man into a reality plain major break-throughs.

But the attack will have to be people could understand.

people could understand.

"It made me proud to be an American doctor. But it also left me baffled. For why did our foreign-aid planners, with their billion-dollar projects, ignore the enormous possibilities of medical aid? Since those possibilities were Christ-like in power and simplic-Christ-like in power and simplicity, I could not understand it."

#### Why Not Use Medicine in Foreign Aid?

Most of us have never thought of medicine as an instrument of foreign policy. On this subject, our instincts as a people are pure-ly humanitarian. This is as it should be. But this generation of Americans is caught in the midst any new challenge from the Russians, be it the production of weapons, the education of scientists or the lengthening of life.

But can we be so sure?

Economic Competition

Economic Competition

Takes Pow L for change from freedom, shall we change from freedom, shall we be unprepared?

The future is quite clear. The question is not whether we will have to prepare, but how. How shall we summon up the national will to take the necessary steps and make the necessary sacrifices? The most effective way in a democracy, it seems to me, is through a program of public edu-cation focused on a national objective that everyone can understand and most citizens will work

A spirited competition with the meer in March and said. We shall A spirited competition with the conquer capitalism with a high Russians in the field of health level of work and a higher standard of living." A few weeks later It would also be in line with our

#### Challenges Soviet Longevity Race

Let us, then, challenge the So-The head of our central inter-ligence Agency, Allen Dulles, has recently spelled out the clear petition—a longevity race. Let us meaning of this for America. The pit our patient-oriented system economic expansion of Russia, he warned, is "the most serious chal-

Some of us, particularly if we

Longevity is not just a statistic. history, disease has ranked with We can increase it only by saving hunger as man's worst enemy. War, so far, has run a poor third.

Let me transiate this into the eloquent words of Dr. Thomas A. Dooley, whose book, "The Edge of Tomorrow," was published and 50s, of the 158,000 whose three weeks ago. Dr. Dooley had been a young Navy physician in been a young Navy physician in been a listed men and four the physician in been a listed men young lengthen life for the average men and statistic.

Longevity is not just a statistic. first year of retirement. If we lengthen life for the average man,

From here on in the longevity race is going to be rigorous, which is one of the reasons I am confident we can beat the Russians. Sanitation, the control of epidemics, the prevention and cure of contagious diseases—these are mostly behind us. Ahead lie cancer, cardio-vascular diseases, the degenerative and crippling scourages of old age. Medical research, in which we are far stronger than

on a broader front than that. It will also have to be carried out without either weakening the institutions of freedom or damaging the dotctor - patient relationship, which is the keystone of American medicine

#### Outlines Program for Such a Race

Here are some of the things it seems to me we will have to order to win the race for a longer life:

(1) Greatly expand our medical research effort. The government, pharmaceutical industry, universities and research institutes are now spending about \$400 million a year on medical research, or less than one-tenth of 1% of the Gross National Product. Raising this figure is easily within our reach.

"The New Era in Medical Research," a recent national survey sponsored by our own Merck sponsored by our own Merck Sharp & Dohme Research Labora-tories, emphasized these major problems, which should have priority as we expand:

(a) The growing scarcity of first-class researchers. We have to train more and train them ple after they reach 65.

(b) The urgent need for more basic research, particularly in-creased support for it by the Federal Government, which is now bemused by the ease of getting funds from Congress for the popular purpose of "cur-ing" specific diseases. Medical

(c) The continued expansion of applied research and drug development by the pharmaceutical industry, which paid one-third of the nation's medical research bill last year and which has a proud record of making that more

the miracle drugs developed in sick. Periodical physical exam-the past 20 years have emerged inations are standard practice in the past 20 years have emerged inations are standard practice in in a capitalist environment of the Soviet Union.

profit incentives and patent If we have educated Americans profit incentives and patent. If we have educated Americans protection where new earnings to brush their teeth at least once beget new research to turn out a day—a most unpleasant chore—

(2) Train more doctors--enough to meet the pressing needs of our growing and ageing population to provide for the needs of a great deal more medical research and to assist in raising the health standards of the under-developed countries.

Dr. Vernon W. Lippard, Dean Dr. Vernon W. Lippard, Dean of Medicine at Yale, said recently that we need 22 more medical schools just to take care of the predicted rise in our population by 1975. This is a bare minimum. It merely maintains our present physician-population ratio. It provides no increase in the number for service abroad. And it counts on foreign medical schools to keep the U. S. supplied with one out of every nine new doctors licensed. every nine new doctors licensed here each year.

Construction of several new medical schools will have to start at once, if we are to reach Dean Lippard's minimum goal. A new medical school takes eight years from the planning stage to its first crop of graduates.

(3) Establish a bold new for-eign medical aid program as a companion to our technical assistance effort.

Medicine should be put to work for freedom all over the world. As Dr. Thomas Dooley has said in "The Edge of Tomorrow," the possibilities are "Christ-like in power and simplicity." And Dr. Howard Rusk has already shown the way through its efforts to rethe way through its efforts to re-habilitate the crippled and the maimed throughout the world.

This new program will require a special kind of training. Doctors, technicians and nurses will have to work abroad under primitive conditions and with diseases not found in our metropolitan society.

We should also continue to support the World Health Organizaport the world Health Organiza-tion, which has already reached the half-way mark in its cam-paign to wipe malaria off the face of the earth, and is making great inroads on other diseases.

(4) Raise the standard of living and health of the less privileged groups in our society. The nonwhite has made greater progress in longevity than the rest of our population in recent years but his life expectancy, which is only 63.2 years, is still 10% lower than that of the white which is 70. of the whites, which is 70.2.

underprivileged medically. That is the American male, whose chances of outliving his wife are statistically worse than for a husband in any other country in the world.

(5) Make a concerted drive to unlock some of the mysteries of the process of ageing, of heart disthe process of ageing, of heart disease and cancer. We have made most of our longevity gains in recent years by cutting the mortality rate of infants and of younger adults and almost no progress in raising the life expectancy of people after they reach 65

Any advances in knowledge about the aging process will not only raise the average length of life but make living it a richer experience for our elderly people and for all those who love them.

A major break-through on cancardio-vascular diseases.

which has a proud record of need a long-range public health making that money work efficiently for the benefit of Americal program aimed at perciently for the benefit of Americal program aimed at perciently for the benefit of Americal people to sudding the American people to record of need a long-range public health (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts is now with Merrill Lynch (Special to The Financial Cheronicle) CLEVELAND, Ohio—Robert L. Potts

a day—a most unpleasant chore— we ought to be able to get them to assume more personal responsibility for staying in first-class physical conditions.

These, then, are some of the things we must do. If we do them and succeed in lengthening the life expectancy of our people to the age of 75, and do it first, we will accomplish far more than a statistical feat. We will make the statistical feat. We will make the nation stronger, and, as a by-product, we will improve the well-being of our whole population. We will prove to the world that freedom can win the battle of life as well as the battle of liberty and justice.

And, in the process, through the world-wide sharing of the secrets of medicine that our re-

the world-wide sharing of the secrets of medicine that our re-search unfolds, we will help men, women and children everywhere on this earth toward victory in the global war against disease.

### **William Evans Joins** Ball, Burge & Kraus

CLEVELAND, Ohio - William H. Evans has become associated with pall, Burge & Kraus, Union Commerce Building, members of the New York

Stock Exchange, and will become a limited part-ner of that firm, it was



ing chemical producer, he is retiring as Vice-President in charge of financial and shareholder relations. He is a director and will continue to serve the company in this capacity

As a staff executive in the as a stair executive in the banking department of Ball, Burge & Kraus, Mr. Evans will be active in the investigation, analysis and development of industrial and commercial investment opportunities in Ohio and elsewhere, holding both short-range and and long-term interest to the firm

### There is another group that is \$25,000,000 Maryland **Highway Bond Issue** Offered to Investors

Eastman Dillon, Union Securities & Co. and Halsey, Stuart & Co. Inc. are joint managers of the group that offered on June 24 an issue of \$25,000,000 State 24 an issue of \$25,000,000 State Road Commission of Maryland 5, 4, 2.40, 2½, 2.60, 2.70, 2.80, 2.90, 3 and 3.10% State highway construction bonds, second issue, series L, at prices to yield from 1% for bonds due July 1, 1959 to 3.10% for the 1973 maturity. The group was awarded the issue at competitive sale on a bid naming a net interest cost of 3.099% for

the combination of coupons.

The series L bonds, which are rated Aa by Moody's and A-1 by Standard & Poor's, are the seventh installment authorized by the Commission for the financing in part of its 12-year program for construction and reconstruction of the State's highway system. They are payable solely from the revenues of the Commission,

#### With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)
CLEVELAND, Ohio—Robert L.
Potts is now with Merrill Lynch,

Continued from first page

# Our Monetary Economy

#### Money as a Means of Payment

If a person has rendered an economic service or has surrendered commodities, he may or may not choose immediately to require some other service or other commodities in exchange for his own "economic exertion," i.e., he may wish to retain an option on such other service or commoditles. In the early, primitive days of economic intercourse, he would in such a case acquired commodiin such a case acquired commodities which by their very character were constantly in demand and could therefore be easily reconverted into other commodities or into services at any time. Gradually the precious metals came to be more and more generally used for this purpose.

To facilitate their circulation in such capacity, it then became cus-tomary for the administration of a community to mould the metals into discs of uniform alloy, size and weight and to impress each disc with a stamp expressing its contents. Thus the nominal unit

of value was created.

This was the first step on the long way of development of our present monetary systems. Previously the metals, used in settle-"economic exertions," ment of were held and exchanged exclusively in their quality as valuable easily exchangeable goods, and easily exchangeable goods, and the money of those days was indeed nothing else than what the economists of the old schools taught that it was, namely, a commodity. The action taken by authorities in coining metals opened the era of the creation of money by governmental charter: of "Charter Money".1

Money cannot properly be called into being otherwise than in ex-change for goods or for services. The distribution of goods by mid-dlemen has created another instrument which carries the same economic attribute as money itself: it is the commercial accept ance of the distributor who will collect money for the goods upon their distribution. Originally, bank deposits consisted only of actual cash, and all the banks were supposed to do was to transfer deposits from one account to another. Later the banks began to make loans from deposit moneys, as-suming the responsibility for the

The creation of enterprises financed by securities, and the ac-tivities of stock exchanges which gave to invested capital a character of greater mobility through the facility of converting it permanently or temporarily into cash by sale or pledge, have largely confused the limits between liquid and non-liquid assets; but the principle stands that in proportion as bank deposits and currency notes are covered by assets carry-ing the same economic attributes as they do the basic monetary position is stronger or weaker.

n

#### Money as a Measure of Value

In a primitive community where no money exists, all exchanges of goods and services are necessarily made with reference to the effort they require. The average time consumed in producing the simple cods or performing the simple services will as a matter of course be the measure for such ex-changes. If one works slowly he will find the exchange value of

1 Prof. Georg Friedrich Knapp, "Die stantliche Therrie des Geldes," 1905. The French used the term "monnaie fiduciarie" before Knapp published his theo-ries, but they applied it to paper money only.

sound without a sound currency, his time below the average, just so no currency can be sound with- as he would have achieved less than his more efficient neighbor, had both worked only for their had both worked only for their own needs. Conversely, if he is more efficent than his neighbor, his yield will be greater whether he works only for himself or also exchanges products or services. If chooses to forego some of the things his neighbor makes or acquires for himself by devoting some of his work-time to the fashioning of tools, and if, after having made these tools, he increases his production, he draws ahead of his neighbor and receives greater exchange values than his neighbor. But his greater exneighbor. But his greater ex-change values will still be measured by his neighbors' average performance. He has, in fact, in-creased the units of exchange value he is able to command. The fact that a technician, or a doctor, or a lawyer, or an artist receive more units of exchange - value than the average worker, does not affect the unit of exchange-value itself. It remains the same. This is in an economy without money.

Now let us see how this works in an economy which uses money. The parallel is striking. The average wage in a money economy is the counterpart of the average consumed time in a moneyless economy, which in such an economy is the measure of exchangeomy is the measure of exchange-value. And if the technician, or the doctor, or the lawyer, or the artist receives more, what he re-ceives will always be measured with reference to the exchange-value received by the average laborer. For the same natural laws that govern a moneyless economy operate in the economy which uses money. Therefore, the measure of exchange-value which is money, will always be and will is money, will always be and will always have to be a function of the exchange value of the average wage level and vice versa. Any deviations due to temporary will inevitably tend to flatten themselves out in the end.

#### ш Inflation

The important matter of inflation becomes at once easier to understand if it is kept in mind that the use of money is to pay for goods and services. The goods can be consumer goods or capital goods. Before money passes hands (even if it is borrowed money) there must have been a delivery of goods or a performance of service. The movement of money is secondary; the primary occurrence is the sale of goods or services. From here on it is not diffi-cult to see that the monetary situation is in reality the result of exchanges of goods and services; more accurately of the relationship between consumer goods, capital goods and services. If we could keep these in perfect bal-ance we would have no monetary problems and we would have no Why? unemployment. We all know, of they course, that there all kinds of dis-exist. attaining this happy state. Some of these disturbances we can do are of our own making.

#### Monetary Management

Much is being said and written about monetary management to regulate the economy and employment, especially since May-nard Keynes set out to change our economic thinking. It may here be noted that some years before he began his writings a proposal, ascribed to the Deitich to do ascribed to the British trade-unionist Sidney Webb, was made that the execution of public works be undertaken as far as possible in times of slack employment as a means of stabilization. Also before Keynes published his book serve System, Vol. I, page 502.

ment under the aegis of the then. Secretary of Commerce Herbert Hoover. How great are the dangers which can lurk in the actions of money managers was demon-strated to us here in the United strated to us here in the United States after, in the second half of 1927 "under a daring, but carefully devised plan, the Federal Reserve System, by reducing its discount rates to 3½% and by purchasing government securities on a large scale, had embarked on a large scale, had embarked upon a policy of easing money in the United States with a view to aiding European countries, par-ticularly Great Britain, in their efforts to establish or re-establish their gold standards."<sup>2</sup> The failure of all the later efforts of the Federal Reserve managers to undo the baleful effects of this land the baleful effects of this particular piece of monetary legerdemain is writ large in the Great Depression which subsequently engulfed our country and the rest of the world. It is useful to remind ourselves of what happened then, because today again there are those who seek in monetary management a means to erase the effects of past excesses.

### Credit Inflation

For let us not deceive our-selves; what has befallen us now was primarily caused by the con-stant and progressive deteriora-tion of the financial liquidity of our economy during the last several years, whether we look at ratio of the liquid assets of our banks to their deposits, or at the ratio of the public's instal-ment debt to its disposable in-come, or, again at the liquidity ratio of our large corporate enterprises. The handwriting had been on the wall for not less than two years. What we had was a two-pronged inflationary movement, because the credit-swollen whip ped-up demand for goods and services was accompanied by extensions of our producing facil-ities far in excess of our needs once the fever of credit-generated as was bound to happen, had abated.

And, as usual one ill begets an other, the swept-up demand made its influence felt on the wage demands of labor unions and thus was engendered the persistent price-wage spiral which has cut our dollar almost in half with all what this means to the social se-curity benefits, the life insurance and all other life savings of our entire population.

All this would be bad enough if it were merely a thing of past. Unfortunately, the problem is still with us, because the wage spiral can never be kept within bounds as long as an inflated credit structure keeps on creating artificial purchasing power be-yond the reasonable capacity of the economy to sustain. For months on end we witness the debate among economists and bemonths on end we witness the important question whether the debate among economists and between economists and politicians this kind of thing is studiously and we are no nearer an answer, avoided. All published statistics why? Because the kind of answer carefully measure the extent of they are looking for does not the inflationary attrition; this exist. There is no royal way to alone proves that it is a deadly under the effects of credit inflaunemployment. We all know, of they are looking for does not course, that there all kinds of dise exist. There is no royal way to turbances which prevent us from undo the effects of credit inflation. Inflation is a one-way street. We can only sweat it out and in little or nothing about. Others the meantime help those hardest hit over the rough spots. And if we do not want it to happen again we just have to watch our step in future in creating purchasing power based on credit. It is only by not drinking excessively that we can avoid getting drunk. Keeping our credit struture on an even keel is not an easy matter. Nobody wants to "hold back prosperity," and there is always the perity," and there is alway cry of the politicians that "undemocratic" not to giv "undemocratic" not to give the little fellow the credit he wants. But when we let the little fellow borrow himeslf into trouble and

come in the home building industry. And that is the soundest way, because the cost of interest and amortization of home mortgages creates no new personal charges as against it the home owner saves the rent.

Creating new credit on top of an already swollen instalment credit structure for the purpose of generating new demand for durable goods will only prolong the period of recuperation, if in-deed it can be done at all deed it can be done at all.

Keynes did not, as some seem

to believe, advocate indiscriminate borrowing as a cure-all for unemployment. Furthermore, one of his objectives was to raise prices. Few will contend that our already inflated price level needs to be further stimulated. Keynes himself made it clear that his proposals were devised for the par-ticular situation in which Eng-land found itself at the time and as a means of raising world pices, because "the collapse of expenditure financed out of loans advanced by the United States was the chief agency in starting the slump,"3 which was a rather left-handed way of saying that what had happened was the inevitable bursting of a credit bubble which had been insanely foisted upon a distracted world and in particu-lar upon a gullible United States to cover up the economic folly of postwar political behavior. It seems strange that it should be necessary to recall what should still be vividly in living memory, but, unfortunately, even among those who by their training or their profession should know better there are many today who again would cure the consequence of the much profits. again would cure the conse-quences of too much credit by still more credit and the consestill more quences of inflation by still more inflation.

The effect of an hypertrophied credit structure upon the wage demands of labor unions is twice evil, because a price-wage spiral at home extends its influence far beyond our own borders and thus cannot fail to affect—and affect deeply-our relations with other countries, just as it unbalances

our own economy.

Considering first our domestic situation, it requires no lengthy explanation that wage increases in one industry must have reper-cussions throughout other industries and indeed the entire con-sumption pattern of the nation. Other industries may or may not be able to absorb similar was increases or to compensate there for by increasing prices. We a for by increasing prices. We all know how railroads and other private and public service industries are periodically confronted with wage hikes which are en-forced whether an enterprise can afford them or not. But the all-important question whether the poison.

### Prices

Let us go back for a moment to our simile of an economy without money. We have seen that he who fashions tools grows richer alambian and so widespread that it is also widespread that will be also will Let us go back for a moment to fashions tools grows richer al-though he puts in no more time than before: in the same working-time he has produced more. Conversely, his per unit cost in work-ing-time is lower. The hotly de-bated question is who shall profit from the cheaper production. The unions claim the benefit for the workers. The manufacturer claims it as his prize for inventiveness and new investment in machinery.

Many producers, however, feel that giving the consumer the benefit of lower production costs the economy into a tailspin there

on Monetary Reform there ap- is no way out except through the will expand their markets and in peared the report in book form on valley. As of now, while the deput the end benefit them more. Henry Business Cycles and Unemploy- bate is going on, nature takes its Ford was the first to apply this ment under the aegis of the then course. The first impulse toward simple thruism on a national Secretary of Commerce Herbert recovery should almost surely scale. And then, of course, there is the salutary prod of competi-tion. There has of late been some discussion of a theory of administered prices. But the end is not yet and it is more likely than not that the price level will finally respond to the law of supply and demand. There are some signs hereof already in certain retailing sectors. It is not a wild guess that more progress would already have made in this direction had not demands by labor unions for wage increases, even in this time of recession, made it practically impossible for producers to risk being squeezed between rising costs and falling prices.

And so the conclusion suggests itself that it may be best to translate lower production costs into lower prices to the consumer. For the economy as a whole this will have advantages which are not at once apparent.

VII

#### The Farm Problem

As a major national problem none of the consequences of in-flated prices of industrial products can compare in importance with their catastrophic effect on the farmer. The rising cost to the the farmer. The rising cost to the farmer of what he needs has unsettled our whole economic and financial balance and our political balance to boot. As long as prices and wages continue their climb our farm problem will remain insoluble and the resulting political distritions incurable cal distortions incurable.

#### VIII

#### International Repercussions

Worse still, our rising price level will continue to poison our international relations and to make enemies of those who should be our friends. Our efforts to rid ourselves abroad of part of the stupendous farm surpluses accu-mulated under our so-called price parity system on one hand, and the artificially increased cost of our price-supported farm prod-ucts to those abroad who need to buy them on the other hand, make others feel being imposed upon by us. Important as this is, it does not begin to compare with the baleful effect of the rising cost of our industrial products. This effect is two-pronged. It upsets balance of payments of those nations who import our products -and, incidentally decreases our ability to sell to them. And, which riates—other nations each time when we raise import duties to "protect" ourselves against imports from countries with lower wage standards, conveniently for-getting that we ourselves contin-ually enhance the difference between our wage level and theirs which they cannot increase with impunity as this would impair their ability to export to their accustomed markets other than the United States. It has recently been suggested that all they need to do is to raise their wage. level; this must sound to them like a bitter irony.

#### IX Conclusion

most incomprehensible that have done so little to curb them. One should have thought that w could show a greater capacity to run our economy and to govern ourselves. If we see the selfdiscipline demonstrated by much smaller and less powerful countries, like Sweden for instance, we have no reason to be overly proud of ourselves. And that is not the worst of it. The communists preach that our free enter-3 Keynes, The Means to Prosperity, prise system carries the seed of 1933, page 19. would not be too difficult to Continued from page 9 abstraction. Its possibilities must always be appraised against the background of the qualities of those in it. No system will run as tax reform, a new farm policy, without the full cooperation of its the elimination of rigidities and

### A. G. Becker Group Offers Mansfield Tire & period ahead. **Rubber Company Bonds**

An underwriting group headed A. G. Becker & Co., Incor-An underwriting group headed by A. G. Becker & Co., Incorporated, offered publicly on June 24 an issue of \$5,000,000 Mansfield Tire & Rubber Company 4% sinking fund debentures, due 1973, priced at 99% plus accrued interest to yield 4.90%.

At the same time, Mansfield is offering to holders of its common

stock rights to subscribe, at 100%, for \$2,511,400 of convertible subat 100%, ordinated debentures, due July 1, 1973, on the basis of \$100 principal amount of debentures for each 22 shares of common stock held of record at 3:30 p.m., EDST, an inflationary bias. It is possible June 24. The offer, which will that we may achieve the felicitous expire on July 10, is underwritten situation in which we have prosby the same group as the offering of sinking fund debentures.

The sinking fund debentures are redeemable at prices scaled from 10434% to 100.

common stock at \$20 per share. They are redeemable at prices scaled from 105 to 100.

Proceeds from the sales will be used to redeem and retire \$1,387,-000 of outstanding 3¾% sinking fund debentures, due 1966, and 20,400 outstanding shares of 6% cumulative preferred stock, \$100 par value, and to provide addi-tional funds for other corporate purposes.

financing, capitalization of the future prospects for your busi-company will consist of the new ness: issues being offered and 552,504 shares of common stock, \$5 par

Net sales of the company, which Mansfield, headquartered at equal after preferred dividends to 4% growth trend of recent years, \$2.50 a share. In the first quarter more and more companies are of 1958 earnings were equivalent likely to expand head office operto 42 cents per share, compared ations in New York or to move with 34 cents in the correspond- such operations to New York. ing period of 1957.

#### With Richard E. Kohn

ELIZABETH, N. J. - William Tucker has joined Richard E. Kohn & Co. and will be associated with the firm's Elizabeth office at 279 North Broad Street.

The firm of Richard E. Kohn & Co. has its main office at 20 Clinton Street in Newark.

#### Joins Reinholdt & Gardner costs.

(Special to The Pinancial Chronicle)
ST. LOUIS, Mo.—Paul M. Carlson has become connected with Reinholdt & Gardner, 40 Locust

# prove them wrong. For there is nothing really the matter with our system. All it needs is to be run intelligently and fairly. No system can be viewed as a mere **Economic Outlook for Our Nation**

atways be appraised against the background of the qualities of those in it. No system will run as tax reform, a new farm policy, without the full cooperation of its the elimination of rigidities and human components. The question efforts to encourage research. It is not whether our system fails is my personal conviction that us, but whether we fail our system can would give us a rate of economic only be run by a master class advance far greater than that we which devours its own children and despoils other lands. Our system can only work, and it will work, when we learn that our needs to do in the period ahead. Dest economic doctrine is the doctrine of charity, good will and helpfulness which our religious growth of the Soviet Union offers heritage teaches us.

Our Republic was founded by absentee masters, were determined to govern themselves and time to work. They knew that Union campot possibly do that in form alone is meaningless and that it acquires life and significance only through the spirit with ing miftiary and economic power of the century, if we maintain our succeeded in attracting enough that it acquires life and significance only through the spirit with ing miftiary and economic power of the CSSR, and its growing influence throughout the underdevice of the concentration in industries that we been left with a too-heavy veloped areas, promises to give us a rate of economic in the period and higher taxes is higher now than it was us, but whether our system fails is my personal conviction that the adoption of such a program the limitation of such a program the line of economic and that the sadvance far greater than that we which at advance far greater than that we when the advance far greater than that we will give us a rate of economic approach that we are to the things that this nation. On the other hand, I we York has to grow to fail the things that this nation. On the other hand, I we work should not grow. To the contrary, I believe it is important to businessmen like yourselves to businessmen like veloped areas, promises to give us a lot of severe headaches in the

In meeting this challenge of So-The problem is that anti-initation measures are, in their very nature, unpopular. They all keeps ome one from doing what he wants to do—by making it less easy to borrow, or requiring higher taxes, or restraint on the wage-price front. Yet I believe we are making progress, and I warn you not to accept easily the warn you not to accept easily the argument that our economy has an inflationary bias. It is possible perity and growth, and price sta-bility, too.

#### New York City Trends

from 104%% to 100.

The convertible subordinated assignment, I should tell you predebentures may be converted into cisely what these general trends common stock at \$20 per share.

They are redeemable at prices and for real estate values in the area. Obviously, I do not possess the equipment to deliver fully on this promise—as a nonexpert in the real estate field I can do no more than suggest certain general economic conclusions which may have some bearing on the affairs in which all of you are expert. Having made this disclaimer, let

me proceed to set forth several Giving effect to the current conclusions which could influence

(1) General growth in the U.S. economy is important to New York—this sounds trite, yet it is particularly important, for instance, in appraising the future of office building construction. If the gen-Ohio, were \$59,722,000 in 1957 and building construction. If the gennet earnings were \$1,523,000, eral economy moves ahead at the equal after preferred dividends to 4% growth trend of recent years, \$2,50 a charge. In the first quarter

> (2) Granted general economic growth in the nation, the probgrowth in the nation, the prob-lem of keeping the rise in costs in hand may be the most funda-mental problem facing the con-struction and real estate busi-nesses. It is perfectly possible to price any product out of the mar-ket even in good times. The fact that building costs have risen more rapidly in recent years than more rapidly in recent years than prices in general highlights the importance of this problem of

> Despite the boom in office buildings, New York City has not shared fully in the general eco-nomic growth of the nation dur-

growth fields like chemicals, nu-clear technology, electronics and office equipment. As a result, we have been left with a too-heavy concentration in industries that grows slowly.

e will know more about these

#### Conclusions

I've touched on so many diverse matters in this discussion that I feel an obligation to sum briefly the main points I have tried to register.

First, I believe that the busi-

ness decline is bottoming out, and that we shall see an upturn before year's end, followed by a normal recovery next year. Second, I am fully confident

second, I am fully confident that the nation can achieve a phenomenal growth in the years ahead. In the process our main concern will be how to produce enough and how to avoid inflation. We shall, of course, have periodic recessions, but I believe we can avoid major and prowe can avoid major and pro-

longed depressions.

Finally, I have tried to suggest that New York City has not shared in the nation's general growth in recent decades. It seems to me that this is a matter for serious concern. Yet I have full confidence that measures can be developed and adopted to promote the growth of this area. If so, business in New York City can look forward to a prosperity in the decades ahead that will dwarf past experience.

#### With Central States

(Special to THE FINANCIAL CHRONICLE)

MANSFIELD, Ohio — Edward Matey is now with Central States Investment Co., Walpark Building.

#### Two With Commonwealth

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Daniel E. Armel and Homer V. Beavers are now connected with Commonwealth Securities Corp., 150 East Broad Street.

#### With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE) DAYTON, Ohio — Thomas H. Blalock is now with Merrill Lynch, Pierce, Fenner & Smith, American Building.

#### Two With E. F. Hinkle

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oregon — Ramona F. Heath and Kenneth T. LaMear Street, members of the New York ing the past decade. This is a lit- are now connected with E. F. and Midwest Stock Exchanges. the hard to realize—yet it is a fact Hinkle & Co., Inc., Cascade Bldg.

### Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

reading for the shareholders. So far as income is concerned, a number of officials say they have no complaint. It is the expense factor that will be to blame if earnings suffer. But it is our forecast that, generally speaking, second quarter earnings (or, first half if that period is preferred) will either equal or better the like periods of 1957. For one thing, the full effects of the lower interest rates has not yet been felt. Loans that are on the books of a bank at a time when the rate is raised or lowered do not refer the periods of lowered do not, of course, pay the changed rate until they mature and are renewed. Probably the full effect of the lower rates will not be felt until well into the third quarter, or into the fourth.

But while general expenses have not increased unduly, the banks are in something of a quandary so In meeting this challenge of Soviet, economic growth and penetration, one of our biggest problems will be to achieve growth without inflation. This is not primarily an economic problem—I believe that we know how to contain inflation by the appropriate use of monetary and fiscal policies. The problem is that anti-inflation measures are, in their very nature, unpopular. They all keep some of the from doing what he appear in the months and a significant. I have the way to action designed to increase the prosperity of this vast are in something of a quandary so far as interest rates are concerned. When money was tight the banks made every effort to stimulate deposit volume, and much of it was interest-bearing funds. Now, with relatively easier money and a sizable shift of funds from loans interesting and significant. I have the way to action designed to increase the prospective density of this vast are in something of a quandary so far as interest rates are concerned. When money was tight the banks made every effort to stimulate deposit volume, and much of it was interest-bearing funds. Now, with relatively easier money and a sizable shift of funds from loans interesting and significant. I have the way to action designed to increase the prospective for the same in something of a quandary so far as interest rates are concerned. When money was tight the banks made every effort to stimulate deposit volume, and much of it was interest-bearing funds. Now, with relatively easier money and a sizable shift of funds from loans interesting and significant. I have to achieve growth was two years studying trends in the New York metropolitan region. Some of these studies will be most to appear in the months abeautiful the positive volume, and much of it was interest rates are concerned. some deposits, or of maintaining rates on interest-bearing deposits and being hard put to have their funds earn their keep.

But the shrinkage in loan vol-ume since around the turn of the year has not been too serious. The Federal Reserve statement issued on the 19th of June reported business loans up by \$268,000,000. This was chiefly due to borrowing for tar numerous or the mid-line. tax purposes on the mid-June date. The increase brought the cumulative decline in loan volume for the New York banks since Christmas down to \$741,000,000. The present total is \$11,053,000,000, versus \$12,081,000,000 a year earlier, or a decline of some 71/2 % alongside a number of other indices that have suffered as a result of the business recession, this is not a bad showing. Unless, of course, there is a turn for the better in the general economic situation, this could worsen, but as matters stand today the banks are not too badly off.

Money rates, while somewhat lower, are nowhere near as un-favorable for bank earnings as they were for long periods in the 1930's and 1940's. They have been helped somewhat by the extensive corporate and state and municipal financing that has been going on, attracted by the lower borrowing

As loans are paid off, the funds are used by the banks to purchase government and corporate bonds, as well as tax-exempt state and will tend to cushion the lower trend in earnings is the substantial release in reserves resulting from the Federal Reserve Board's change in the reserve require-

NATIONAL OVERSEAS AND

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We are now about to see the re- ments against bank deposit liabilwe are now about to see the release of the second quarter stateity. Reductions of ½ of 1% in
ments of the banks, and this department is of the opinion that
reserve requirements in February
partment is of the opinion that
and March are estimated to have
they will not make unsatisfactory freed a billion dollars for the use freed a billion dollars for the use of the banks countrywide; and again in April one percentage point more was lopped from the requirement by the Federal Reserve so far as the central reserve city banks (located in New York and in Chicago), were recovered.

and in Chicago) were concerned,
We also hear from Washington
that the Board may, by steps,
eliminate the differential in this reserve requirement that new exists between the central reserve city banks and the banks in the reserve cities (banks in large cities other than New York and Chicago). The differential that exists now is 18% versus 16½%. A move of this sort would lend consider able assistance to the New York and the Chicago banks by supply-ing additional funds for investment, funds that are now lized by the higher reserve limitation.

Of course any further changing of requirements will be tied-in with the Reserve's money policy, but it is a fairly research. but it is a fairly general expecta tion that lower figures will be attained, ultimately to the advantage of the banks.

### Russell K. Sparks With Barret, Fitch, North

KANSAS CITY, Mo. — Russell K. Sparks has



Kussell K. Sparks

been appointed Manager of the Trading Department of Barret, Fitch, North & Co. Incorporated, 1006 Baltimore Avenue, membersofthe Midwest Stock Exchange. Mr. Sparksfor former Mana ger of the Trading De-

the Kansas City office of E. F. Hutton & Company.

#### Join Gordon Staff

(Special to THE FINANCIAL CHRONICLE) REVERE, Mass. - Harold S. Gordon, Leonard Gordon, Eugene E. Grant, Milton Ross, Matthew Striggles, and Perry Yanow are now affiliated with Melvin Gordon Company, 10 Pines Road. All were formerly with Edward E. Mathews Co.

#### With Foster & Marshall

(Special to THE FINANCIAL CHRONICLE)

MEDFORD, Oregon-Collier H. municipals. An added factor that Buffington has joined the staff of Foster & Marshall, 38 South Central Avenue. Mr. Buffington was formerly with Stephenson, Leydecker & Co.

1957 EARNINGS COMPARISON

#### FIRE & CASUALTY **INSURANCE STOCKS**

**Bulletin on Request** 

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Specialists in Bank Stocks

# NEWS ABOUT BANKS CONSOLIDATIONS NEW BRANCHES NEW OFFICERS, ETC. REVISED CAPITALIZATIONS AND BANKERS

William F. Cordner, Edward L. Crabbe and Herbert Holden, Jr., have been appointed Vice-Presi-

have been appointed Vice-Presidents by The First National City Bank of New York.

Mr. Cordner is with Metropolitan Group of the Bank's National Division; Mr. Crabbe is associated with the Personal Banking District, National Division; and Mr. Holden is with the Transportation Department, National Division. They were formerly Assistant Vice-President.

At the same time the Bank an-

Vice-President.

At the same time the Bank announced the promotion of William A. Lockwood and Thomas H. O'Brien from Assistant Cashiers to Assistant Vice-Presidents. Mr. Lockwood is with the Petroleum Department and Mr. O'Brien the Public Utility Department of the National Division.

Clarence H. Wiseley, a Vice-President of the First National City Bank of New York, died June 22 at the age of 62. Mr. Wiseley joined First National in 1918 and vas appointed a Vice President in

Mr. Alfred S. Mills, President of The Bank for Savings in the City of New York announces that the Board of Trustees has appointed George R. Breen an Assistant Comptroller of the Bank.

Mr. Breen joined the Bank in 1927 and has been Chief Clerk of

banking department in the Main Office.

Thomas J. Shanahan, President of the Federation Bank and Trust Company, New York, N. Y. and William J. Grange, President of the Citizens Bank of Brooklyn, N. Y., announced jointly today that negotiations for the merger of Citizens Bank into the Federation Bank and Trust Company have been completed. The merger, has been approved by the Boards of Directors of both Banks. Total re-sources of Federation Bank, as a result of the transaction, will ex-Directors of both Banks. Total resources of Federation Bank, as a was made by the Bank's Board of result of the transaction, will ex-Trustees over the weekend. ceed \$150,000,000.

Stockholders of the Brooklyn Bank are to be offered stock for their holdings. Federation Bank will exchange 24 shares of its common stock for each share of Citizens Bank capital stock. Citizens Bank has a total of 2,500 shares outstanding. Stockholders of both Federation Bank and Citizens Bank will vote on the pro-posal at special meetings to be held on July 15.

Citizens Bank, has total resources of more than \$13,000,000 and deposits of approximately \$12,000,000. The Bank, was established \$23,000,000. lished 32 years ago.

Federation Bank and Trust, hose total resources have more than doubled in the last five years to the present level of \$145,000,000 (before the merger), will now be serving three of Greater New York's boroughs — Manhattan, Queens and Brooklyn.

The Honorable Eugene J. Keogh Congressman representing the 9th Congressional District has been Congressional District has been elected a member of the Board of Directors of Commercial State Rank & Trust Company of New York, it was announced June 20 by D. Mallory Stephens, Chairman of the Board, and Jacob Leichtman, President.

He is a Trustee of and Counsel

The East New York Savings Bank, New York.

Vice-President, it was announced by Theodore R. Schwarz, President.

The new Vice Presidents are: The new Vice Presidents are. Thomas Byrne, formerly an Assistant Vice-President, and William H. Richardot, formerly Comptroller-Auditor, Charles T. Potuzak, formerly Treasurer, was elected Vice-President-Treasurer.

Mr. Schwarz also announced that George E. Rowe, an Assistant Secretary, has been elected an Assecretary, has been elected an As-sistant Vice-President. In addition, Miss Florence Kurtz has been appointed an Assistant Trust Of-ficer and Raynor G. Corles has been appointed Auditor, a new

Charles D. Deyo was elected enior Vice President of the Colonial Trust Co., New York.

George C. Johnson, President of The Dime Savings Bank of Brook-lyn, New York for nearly 12 years,



has been elected to the newlycreated position of Chairman of the Board of Trustees, He will continue as Chief Executive Offi-

Succeeding him as President is Everett J. Livesey, who has served as Vice-President and Secretary since 1952. Mr. Livesey was also elected a Trustee of the bank.

At the same time, the Trustees announced the election of A. Edward Scherr, Jr., as Senior Vice President and Treasurer; Alfred R. Marcks, as Senior Vice-President, and Thomas S. Sites, Senior Vice-President and Secretary. Mr. Scherr and Mr. Marcks also are Trustees.

Elected as Senior Trustees were Albert Hutton and Frank F. Jack-son who have served on the Bank's Board since 1929 and 1930 respectively.

Beginning his banking career as an appraiser with "The Dime" in 1917, Mr. Johnson advanced through various positions and officerships until he became President on Oct. 25, 1946.

Mr. Johnson, is a Trustee of the Kings County Trust Company, Brooklyn, N. Y. and a Director of the Savings Banks Trust Com-

Mr. Livesey started with the Bank as a teller in 1930 and served in a number of official capacities until his election in 1952 Vice-President and Secretary. as

as vice-fresident and Secretary.

Mr. Scherr was employed by
"The Dime" in 1931 and held the
position of Assistant Treasurer
from 1932 until 1946, when he became Vice-President and Treasurer. He was elected a Trustee
of the Pank in 1946 Mr. Sche

of the Bank in 1946.

Mr. Marcks began his Banking career in 1921. He was named a Vice-President in 1947 and was elected to the Board of Trustees

was made a Vice-President in 1952.

Walter Schaefer has been elected Executive Vice-President, Myron M. Simonson, Senior Vice-President and Henry G. Steinberg, Vice-President and Trust Officer of the Central Bank & Trust Co., Great Neck, N. Y.

Mrs. Ruth H. Axe, President of Mrs. Ruth H. Axe, President of Axe Science and Electronics Corporation and Axe Securities Corporation, has been elected to the Tarrytown Advisory Board of National Bank of Westchester, White Plains, N. Y., according to an announcement by Harold J. Marshall, President. The action was taken at the regular monthly regular monthly at the meeting of the Board on June 19.

Merger certificate was issued approving and making effective, as of the close of business June 6, the merger of The National Bank of Wappingers Falls, Wappingers of Wappingers Falls, Wappingers Falls, N. Y., with common stock of \$50,000, into The First National Bank of Poughkeepsie, Poughkeepsie, N. Y., with common stock of \$924,000. The merger was elfected under the charter and title of The First National Bank of Poughkeepsie, Poughkeepsie.

Nathanael V. Davis was elected a director of the First National Bank of Boston.

The First National Bank of Jersey City, N. J. has advanced four supervisors to the newly-created positions of Manager of various departments and divisions, it was announced June 19 by Kingsbury S. Nickerson, President.
The new Managers are: William

J. Merolla, tabulating department; Charles Fiumefreddo, Jr., mutual funds division, trust department; Thomas L. Connors, custody divi-sion, trust department; and Harry C. Stoddard, corporate trust di-vision, trust department. Mr. Merolla joined the bank in

1955 as supervisor of its then new-ly-created IBM tabulating department after 19 years with the Irving Trust Company, New York, where he was IBM department

head. Mr. Fiumefreddo has been with First National since 1953.

Mr. Connors, who joined the bank in 1954, has had 35 years of banking and trust experience. He was previously with the Chase National Bank, New York, Lawyers Trust Company, New York, and the Irving Trust Company, New York.

Mr. Stoddard joined First National in 1955 after 30 years of banking and trust experience at Chemical Corn Exchange Bank and Colonial Trust Company, New York.

Philadelphia Saving Fund Society. Philadelphia, Pa., elected matter.
John S. McGowin Vice-President Each and Personnel Officer.

Frederic A. Pots, President, The Philadelphia National Bank, Philadelphia, Pa., announces the elec-tion of four Vice-Presidents, to be-come effective at the close of

come effective at the close of business, June 30th.

The new Vice-Presidents are William Bates, Jr., head of the group covering New Jersey, the Southeastern and South-Central states: G. Morris Dorrance, Jr.) Philadelphia commercial division, Robert H. Potts, in charge of the bank's five offices in the North-cest section of Philadelphia; and east section of Philadelphia; and Robert M. Williams, commercial division, in charge of the Bank's mortgage department.

The announcement also stated

two officers have been promoted from Assistant Cashiers to Assis-tant Vice-Presidents. They are Frederic Heldring, foreign department, and Alan Resendorph, Hat-

Bank, Baltimore, Md., elected William B. Bergen a director.

Directors of both the Fidelity-Baltimore National Bank, Baltimore, Md., and National Bank of Cockeysville, Md., has approved plans for a merger.

The Chicago City Bank & Trust Co., Chicago, Ill., advanced the following men from Assistant Vice-Presidents to Vice - Presidents: Fred C. Rathje, William C. Fahs-bender, Henry J. Scavone, Fred W Burmeister and Wilbur R. Haynie. George O. Carlson, former Cashier, was also elected a Vice-President.

Midland National Bank of Minneapolis, Minn., increased its com-mon capital stock from \$2,000,000 to \$2,500,000 by the sale of new stock, effective June 13. (Number of shares outstanding — 25,000 shares, par value \$100.)

The First National Bank of Marion, Iowa, increased its common capital stock from \$50,000 to \$200,-000 by a stock dividend, effective June 11. (Number of shares outstanding-2,000 shares, par value

Four members of the staff of First National Bank in St. Louis were named Assistant Cashiers were named Assistant Cashiers June 20 by William A. McDonnell, Chairman of the Board.

The four are: Charles A. Udell, manager of the discount department; Anton Burkhartsmeier. manager of the tabulating depart-ment; Wilbert F. Sieckman, methods and planning department, and Arthur W. Fuchs of the same de-

Subject to ratification by the holders of two-third of the stock of The International Trust Company and of two-thirds of the stock of The First National Bank of Denver and thereafter subject to the final approval of Comptroller of the Currency-International Trust Company and its Board of Directors, and The First National Bank of Denver its Board of Directors, acting and by the required majorities have entered into an "Agreeemnt of Consolidation" dated June 12, 1958, whereby The International Trust Company of Denver, Colo., would be consolidated with The First National Bank of Denver under the charter and name of The First National Bank of Denver.

Special meetings of the shareholders of The International Trust Company and of the shareholders of The First National Bank of Denver will be held on Tuesday, July 22, 1958, to consider this

Each share of the presently out-standing stock of The Inter-national Trust Company will be converted into 3.689 shares of the stock of the consolidated bank, and each share of the presently outstanding stock of The First National Bank of Denver will be converted into 2.505 shares of the stock of the consolidated bank.

No fractional shares will be issued, but each shareholder entitled to a fractional share will receive a scrip certificate expiring as of a fixed date evidencing the right to such fractional shares, and full shares will be issued in exchange for the surrender scrip certificates aggregating a full share or shares. This right of exchange will expire Sept. 18, and the portion of stock allocated for exchange of scrip certificates which has not been so exchanged will be sold and the proceeds of

are Wiliam B. Chamberlin, III, sented by 150,000 shares each of a John G. Keily, George W. Lapham and Robert K. Rockhill.

\* \* \* \* \$9,500,000 and its Undivided Profits will not be less than \$1,-330,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital flunds as stated will not be less than \$1,-340,934. Accordingly, total capital funds as states than \$18,330,934.

The Security National Bank Savings and Trust Company of St. Louis, Mo., with common stock of \$750,000 was merged with and into Mutual Bank and Trust Company, St. Louis, Mo., under the charter of the latter bank and under the title Security-Mutual Bank and Trust Company, effective at the close of business on May 29.

By the sale of new stock common capital stock of The Citizens and Southern National Bank, Savannah, Ga., was increased from \$10,500,000 to \$11,500,000, effective June 9. (Number of shares outstanding — 1,150,000 shares, par value \$10.)

The First National Bank of Shreveport, La., increased its common capital stock from \$3,250,000 to \$3,375,000 by a stock dividend, effective June 12. (Number of shares outstanding—270,000 shares, par value \$12.50.)

By a stock dividend, the common capital stock of the First National Bank & Trust Company of Helena, Mont., was increased from \$750,000 to \$850,000, effective June (Number of shares outstanding-8,500 shares, par value \$100.)

### Galgary Stock Exch. **Elects Officers**

CALGARY, Canada-The Committee of Management of the Calgary Stock Exchange announces the election of Thomas W. Merethe election of Thomas W. Meredith as President of the Exchange for the ensuing year. Mr. Meredith, who is Manager of the Calgary Branch of Osler, Hammond & Nanton Limited, succeeds F. Gordon Elves, F. Gordon Elves Investments Ltd. In addition G. Molner Wittichen, Wittichen's Limited, was elected First Vice-President, A. M. Rutherford 2nd, W. C. Pitfield & Company Limited, Vice-President, A. M. McNabb, Secretary-Treasurer. Nabb, Secretary-Treasurer.

#### Hemphill, Noyes Adds

(Special to THE FINANCIAL CHRONICLE) LOS ANGELES, Cal.-William Brown has been added to the staff of Hemphill, Noyes & Co., 510 West Sixth Street.

#### With Republic Secs.

(Special to THE FINANCIAL CERONICLE)

PASADENA, Calif.—Ronald G.
Rose is now affiliated with Republic Securities Company, 252

#### Gallagher-Roach Adds

South Lake Avenue.

(Special to THE FINANCIAL CHRONICLE) COLUMBUS, Ohio — Harry C. Johnson has become affiliated with Gallagher-Roach & Company, 16 East Broad Street.

#### R. J. Arnold Branch

SOMMERVILLE, N. J.—Richard J. Arnold & Co. has opened a branch office at 166 East Spring Street under the direction of Richard J. Arnold.

#### R. W. Pressprich Branch

ALBANY, N. Y.—R. W. Press-prich & Co. has opened a branch office at 75 State Street, under management of Robert E. Fallon.

#### With Eastman Dillon

(Special to THE FINANCIAL CHRONICLE) Bank, New York.

Career in 1921. He was named a tant Vice-Presidents. They are vice-Presidents and vice-Presidents. They are vice-Presidents. They are vice-Presidents are vice-Presidents are vice-Presidents are vice-Presidents. They are vice-Presidents are vice-Presidents are vice-Presidents. They are vice-Presidents are vice-Presidents are vice-Presidents are vice-Presidents are vice-Presidents. They are vice-Presidents are vice-Pres Continued from first page

As We See It

rent international ills and thus to make it plain that
neither tinkering with the price of gold, nor financial
international institutions designed juggling by means of international institutions designed to circumvent national economic forces, can hope to be more than a temporary palliative at best. Inability of foreigners to sell goods here in adequate amounts, our unwillingness to accept goods in adequate amounts, and in some instances at least the burden of unwisely contracted debt to us are, of course, the basic causes of dollar shortages about which foreigners so often complain. It should be plain even to the wayfaring man that a higher dollar price of gold and more international lending institutions could not hope to cure such ills as these.

At intervals for a number of years, commentators who enjoyed more following than understanding have been pointing to the large foreign holdings of short-term obligations here by foreigners and asking what would happen if they, one and all, or at least a large percentage of them all at once decided to convert their holdings into gold. The fact that any international financing center always holds large foreign balances of this sort, and that much the larger part of them then actually in existence were needed and actually being used in the financing of international transactions are facts apparently not understood by the alarmists. The fact that during the past year or so, after interest rates had run down to much lower levels, substantial amounts of gold have in point of fact been withdrawn has attracted some attention in such circles, although it must be said that Federal Reserve authorities have evinced no uneasiness on the subjectwhich is natural enough.

#### Reduced International Investment

It is sometimes said that international investment is not proceding as it should, or as it did in earlier days, and that hence something has to be done to take its place. It is true, of course, that international investment—that is the flow of private funds for investment purposes into underdeveloped lands-is not taking place in the normal manner, but for that there are good reasons, and the functions of the international flow of capital in response to natural economic forces are not likely to be performed by artificial means now employed or proposed, such as gifts labeled loans, or outright aid, or artificial propping of the prices of goods some of these countries have to sell.

It is likewise well to inquire why the international flow of private capital is not taking place as it once did. If one wishes to find the answer to this rather simple but highly important question he has but to take note of the innumerable defaults and confiscations of recent years, and the open hostility toward foreign enterprises. There are but very few countries that have not-or their citizens have not—defaulted in payments admittedly due during the years that have elapsed since World War I, and indeed since World War II. It is, moreover, hardly less than a foregone conclusion that even more such defaults would have occurred but for very large outright gifts that have been regularly made.

There has, moreover, been an epidemic of confiscations-or what comes down to that no matter with what euphemism they are labeled. Behavior of this sort was encouraged by the New Deal in the name of something sometimes called social justice. In many parts of the world strict adherence to contracts and the honoring of agreements have become—we had almost said the exception rather than the rule. Investment funds have crossed international boundary lines and are still doing so for the simple reason that products to be had only abroad, or most advantageously abroad, are needed. We know of no figures to prove it but it seems almost certain that an exceptionally large share of the international investment that has been taking place of late years has it roots in the extraction of minerals for export and the like. Funds simply do not flow freely to underdeveloped countries any more for the development of the country's industry and transportation as was the case in the latter half of the 19th century.

Of course, it is likewise true that difficulties arising out of our own import restrictions greatly hamper the return to this country of funds required for the servicing of investments abroad. The ingenuity of American business men has been taxed and is being taxed to find ways and means of bringing any substantial part of foreign earnings home—to say nothing of capital itself. For this there are number of reasons, but our own tariff and other restrictions are definitely one of them. If we are to be a

creditor nation, it is necessary that we observe the rules of the game-which we have not been doing.

In light of such facts as these, the notion that cures can be found in tinkering with the price of gold or by means of international financial machinery appears foolish indeed.

### Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR. E

The Government market after experiencing a fast and sharp correction on heavy volume has lost some of its vulnerability even though it will still take some more doing before the floating supply of selected Treasury issues have been moved into strong hands. According to reports, some fairly good-sized speculative positions in the recently introduced 25%s of 1965 and the 31/4s of 1985 have still to be digested.

The advices coming from so-called informed sources, supposedly with pipelines to the monetary authorities in Washington, indicate that a change in policy would appear to be under consideration because of the improved economic conditions. As against this, there appears to be those who hold the opinion that the minor betterment which has been shown so far in the business picture, along with the future hugh refunding and new money raising operations of the Treasury, does not make for any abrupt change in money market policies.

#### The Washington "Shakeout"

A Government market that was on the topheavy side with speculation, because of the sizable amount of recently offered securities which have not yet found permanent homes, was given a sharp shaking out last week when reports emanating from Washington indicated a change in monetary policy on the part of the powers that be. The inflation bugaboo continues to be very much in the financial picture, and it is evident that the monetary authorities are well aware of what happened not so long ago after a protracted period of easy money.

#### Heavy Speculative Positions in Some Issues

As already noted, the amount of free riding which has been going on in the Government bond market has reached sizable proportions in certain issues, especially in the 25%s of 1965 and the 31/4s of 1985, and the 31/2s of 1990. According to reports there have been big margin operations in the Treasury market by those that have been mainly in the past in the equity market or other more speculative ventures. The easy money policy make these issues attractive, and quotations went above the offering prices, but a goodly number of these securities were still in weak hands. The commercial banks were buyers of the short and intermediate term maturities within limited price areas, whereas the longer-term obligations were bought by pension funds and other institutional investors, but in this case, also, there was considerable reluctance to pay prices above what was considered to be attractive income

This left a great deal of the Government bond market to traders, dealers and speculators, who are not the ones considered to be the permanent type of owners of these obligations. Quotations were moved about rather freely by the aforementioned groups, but within a fairly restricted range. Volume was not on the heavy side. Nonetheless, these modest price movements did not result in an important distribution of the obligations that were in the hands of the speculators and free riders.

#### No Change in Monetary Policy Seems Imminent

The "open mouth" operations and "trial balloons" which have been put out from the headquarters of the monetary authorities in the nation's capital have had a very definitely sobering influence on the money markets, with the Governments, corporates and the tax free obligations all being adversely affected by the reports that a change in monetary policy is in the making. There is no question but with the passage of time and an improved economic picture, there will be modification in the monetary program of the powers that be, since the increase in the demand for loanable funds will of itself bring about higher costs for the borrowing of this money. For the time being, and in the opinion of not a few money market specialists for a much longer period than some expect, the business picture will be on the defensive.

Even though the Federal Reserve Board Index of Industrial Production has moved to 127 from 126, and it should continue to advance modestly to the 129/130 area, it would still be a long ways away from the boom levels. Also, with unemployment still pushing the five million mark and likely to continue that way for some time to come, it does not seem as though the boom is again with us.

In addition, the Treasury has important refunding operations to carry out as well as the financing of the deficit of the Government, which could run into very sizable figures. The still uncertain business pattern, along with the large scale financial undertakings of the Federal Government, does not seem to indicate any near-term change in monetary policy.

### Jones Sacramento Mgr. For Schwabacher Co.

SACRAMENTO, Calif.—Walter P. Jones, Jr., has been appointed resident manager of the Sacramento office of Schwabacher & Co., Senior Partner Albert



Walter P. Jones, Jr.

E. Schwa-

succeeds Philip J. Daube, who June 13. The new resident manager will direct the Sac-ramento sales organization and office staft at the Schwabacher office.

1001 J Street.

Mr. Jones is the son of the editor in chief of all Bee papers of Mc-

m chief of all nee papers on mc-Clatchey Newspapers, Inc.

During World War II he served in the Army Air Corps for 3½ years. After leaving the service he joined Bereut-Richards Packing Co, He joined Schwabacher & Co. a registered representative in

#### Thatcher P. Luquer With Draper, Sears & Co.

cial to The Financial Chronicle)

BOSTON, Mass. - Thatcher P. Luquer is now associated with Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges. He was formerly manager of the statistical department for Elmer H Bright & Co. H. Bright & Co.

#### With M. P. Giessing Co.

(Special to THE FINANCIAL CHRONICLE)
FARMINGTON, Mo.—Lucius W.
Huber has been added to the stafs
of M. P. Glessing & Co., 108 North

#### H. L. Robbins Adds

(Special to THE FINANCIAL CHRONICLE)
WORCESTER, Mass. — Dominic
M. Lombardi is now connected
with H. L. Robbins & Co., Inc.,
37 Mechanic Street.

#### With John G. Kinnard

(Special to THE FINANCIAL CHRONICLE)
MINNEAPOLIS, Minn.—James
Wagner is now with John G. Kinnard & Co., 80 South Eighth

Specialists in

U. S. GOVERNMENT

and

FEDERAL AGENCY

SECURITIES



AUBREY G. LANSTON & Co. INCORPORATED

20 BROAD STREET NEW YORK

d CHICAGO

BOSTON

#### Lefcourt Realty Corp. Shares All Sold

The offering of 250,000 shares of common stock (par 25 cents) at \$2.50 per share turough Aetna Securities Corp., New York, and Roman & Johnson, Fort Lauderdale, Fla., has been completed.

The net proceeds are to be used, together with available cash funds of Florida Boca Raton Housing Association, Inc. primarily to develop a portion of the unimproved real property owned by Roca Rareal property owned by Boca Ra-ton in Florida.

The corporation was organized in Delaware in 1927 and currently is engaged in the real estate business in the City of New York. It has contracted to acquire all the stock of a Florida corporation known as Florida Boca Raton Housing Association, Inc., from the holders of such stock in ex-change for 1,682,432 shares of Lefcourt common stock. In 1957 Lefcourt disposed of the major portion of its assets, which were located in New York City, and it has no present plans to extend its limited real estate interests in the New York area.

#### With Kidder, Peabody

(Special to THE FINANCIAL CH SAN FRANCISCO, Calif.—Ellis M. Stephens has been added to the staff of Kidder, Peabody & Co., Russ Building.

#### E. E. Nutt Opens

(Special to THE FINANCIAL CREONICLE)
FILLMORE, Calif.—Elwood E.
Nutt has opened offices at 311
Central Avenue to engage in a securities business.

#### Spindell Opens Office

LONG BEACH, Calif. — Steve Spindell is conducting a securities business from offices at 233 Mira Mar Avenue

#### With State Bond & Mtge.

(Special to THE FINANCIAL CHRONICLE)
NEW ULM, Minn.—Joseph A.
Solberg is now with State Bond & Mortgage Company, 28 North Minnesota Street.

#### Joins Skaife Staff

(Special to THE FINANCIAL CHRONICLE) BERKELEY, Calif.—George P. Bellaire has joined the staff of Skaife & Co., 3099 Telegraph Ave.

# vigilance

Final victory over cancer will come from the research laboratory. But there are victories today. Many cancers can be cured when detected early and treated promptly. Vigilance is the key to this victory.

There are seven signals which might mean cancer. Vigilance in heeding them could mean victory over cancer for you.

1. Unusual bleeding or discharge. 2. A lump or thickening in the breast or elsewhere. 3. A sore that does not heal. 4. Change in bowel or bladder habits. 5. Hoarseness or cough, 6. India gestion or difficulty in swallow ing. 7. Change in a wart or mole.

If your signal lasts longer than weeks, go to your doctor to learn if it means cancer.

> **AMERICAN** CANCER SOCIETY TO

Continued from page 4

## The State of Trade and Industry

minum, for instance, has been making inroads on what formerly were steel's preserves. Each time steel prices are raised, the opportunities for aluminum are that much better. Aluminum workers are due for an increase in August, but competitive conditions in

are due for an increase in August, but competitive conditions in this industry may forestall a price boost.

United States Steel's statement also served notice on other steel companies that it is no "pushover" on price leadership, "The Iron Age" further commented. Other producers have stated freely that they feel prices should rise on July 1. But from a practical standpoint, no other steel company can boost prices unless the largest producer decides to go along.

Meanwhile, United States Steel's decision to hold off on a price boost has scrambled the steel market outlook for July. It had been expected that July business would fall off as a result of heavy buying in June as a hedge against a July price increase. The uncertainty of whether a price boost will come in July or August, however, could strengthen the July market despite metalworking plant vacation shutdowns, concluded this trade authority. authority.

For the fifth straight month the number of new business incorporations were below the comparable 1957 level. In May they totaled 11,943, down 2.3% from the 12,220 of a year ago, but 5.4% higher than the 11,329 chartered in April.

In the first five months of this year the aggregate of new business incorporations fell 3.7% to 58,488 from the 60,759 of the similar period last year. The level was 9.1% below the five month peak of 64,305 set in 1956.

This week the auto industry is swinging into a series of protracted model changeover shutdowns that will continue well into September.

tracted model changeover shutdowns that will continue well into September.

A 4.1% increase in United States passenger car production last week was followed the present week by the first of the industry's shutdowns for changeover to 1959 model assembly, "Ward's Automotive Reports," declared on Friday, last.

The agency counted 81,359 passenger car completions in United States plants last week compared with 78,163 the week before. The same week in 1957 netted 118,805 units.

The statistical agency further noted that indications are that Buick will start winding up its 1958 model car production this week, with the first of the Chrysler Corp. plants joining in the shutdown beginning the third week in July. Remaining General Motors Corp. car lines will "phase-out" the 1958 model in late July or early August, with Ford Motor Co. following suit in September, it added.

While the auto industry faces a lengthy period of plant shut.

While the auto industry faces a lengthy period of plant shut-downs, they are being scheduled on a staggered basis, with unemployment fairly well dispersed, the weekly publication said. Buick workers are expected to be back on the job by mid-August, or before many Ford plants even begin their changeovers.

Last week's production gain stemmed from Chrysler Corp., which thus far in June is operating at the May level and is expected to surpass its entire May volume preparatory to the 1958 model phase-out.

Idled last week for inventory adjustment were Buick-Pontiac-Oldsmoblie branch plants at Arlington, Texas and Atlanta, Ga., Ford Division factories at Dallas, Texas and San Jose, Calif., Mercury at St. Louis, Mo., and Metuchen, N. J., and De Soto in Detroit. Eight other plants worked a short week.

The total dollar volume of building permits climbed in May to the highest monthly total on record, Dun & Bradstreet, Inc., reported. The total for 217 cities, including New York, amounted to \$647,007,924, up 9.7% over the \$590,547,983 of April, and 15.6% over the \$560,619,567 of May 1957.

Plans filed in New York City were at an all-time high of \$118,626,434, for a sharp rise of 120.8% from the \$53,726,893 of the previous month. The value was 86.4% higher than the \$63,-637,718 of the comparable month a year ago.

#### Steel Output Set This Week at 62.4% of Ingot Capacity

Steel production is leveling off after seven weeks of robust overy, "Steel" magazine stated on Monday last.

recovery, "Steel" magazine stated on Monday last.

The past week's half-point improvement in the operating rate to 64.5% of capacity is an indication of that. Production was about 1,730,000 net tons of steel for ingots and castings, the highest of any week this year. District rates were: St. Louis, 86% of capacity, down 9.5 points from the previous week; Far West at 74%, up 2 points; Chicago, 70%, up 1 point; Wheeling, 70%, down 5 points; Detroit, 69.5%, up 1.5 points; Birmingham, 66%, up 5.5 points; Cincinnati, 64%, up 4 points; Mid-Atlantic, 62%, up 2 points; Pittsburgh, 60.5%, up 3.5 points; Buffalo, 53.5%, no change; Youngstown, 53%, up 3 points; Cleveland, 48%, up 2.5 points and New England at 39%, down 2 points.

Since most mills require at least two weeks to process and

Since most mills require at least two weeks to process and ship an order, hedge buying in anticipation of higher prices on July 1 is no longer a possibility. Demand will soon slacken and so will production. The downtrend may continue until August, this trade weekly declared.

July will probably be the lowest production month of the second half, but it is beginning to look less ominous. As one steelman put it: "I've been surprised by the number of orders that have stuck after I've made it clear that we couldn't possibly ship before July." Vacations will slow steel consumption and output next month even if June hedging does not impair July sales, but there is hope that production will not drop more than 10%.

Warehouses are buying only to replace. They began 1958 with an inventory of 3,700,000 tons and that is their inventory today. Their sales are off about 35%. Improvements are spotty and hedging has had no impact, it further noted.

Consumers' stocks of iron and steel scrap reached a record high of 8,250,000 gross tons on April 30. Scrap consumption fell to a 1958 low of 3,430,000 gross tons during April. Last week, "Steel's" composite on the prime grade dropped 67 cents to \$35 a ton. Look for the sluggish market to continue until late summer, this trade journal pointed out.

Industrial production is about halfway back up to pre-recession levels, according to "Steel's" industrial production index.

During the first two weeks in June; it registered 134 (1947-49=100). That is 13.5% above the redession's low point reached seven weeks ago. The index is based and weighted upon steel output, electric power output freight carloadings and auto assemblies.

It does not mean that the economy is halfway out of the slump, but it does indicate that the corner has been turned. The

slump, but it does indicate that the corner has been turned. The strength of this spring upturn is greater than any for which the magazine has comparable records back to 1953.

After July 1, "Steel" feels it is unlikely that the industrial production index will decline enough to hit the "more recession" mark. Chances are good the percentage decline this summer will be even less than it has been in most recent years because the general economy is at a fairly low level to start with.

The American Iron and Steel Institute announced that the operating rate of steel companies will average \*104.9% of steel capacity for the week beginning June 23, 1958, equivalent to 1,685,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of \*109.0% of capacity, and 1,751,000 tons a week ago.

Output for the week beginning June 23, 1958 is equal to about 62.4% of the utilization of the Jan. 1, 1958 annual capacity of 140,742,570 net tons compared with actual production of 64.9% the week before

For the like week a month ago the rate was 97.5% and production 1,567,000 tons. A year ago, the actual weekly production was placed at 2,150,000 tons, or 133.8%.

\*Index of production is based on average weekly production

#### Electric Output Turned Lower in the Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 21, 1958, was estimated at 11,941,000,000 kwh., according to the Edison Electric Institute. Output reversed its course last week and two ded lever.

For the week ended June 21, 1958, output decreased by 168,—000,000 kwh. below that of the previous week, and 396,000,000 kwh. under that of the comparable 1957 week but showed an increase of 463,000,000 kwh. above that of the week ended June 23, 1956.

#### Car Loadings in Latest Week Advanced 1.6% Above the Preceding Period but Were 16.6% Below a Year Ago

Loadings of revenue freight for the week ended June 14, 1958, were 9,506 cars or 1.6% above the preceding week.

Loadings for the week ended June 14, 1958, totaled 622,221 cars, a decrease of 123,901 cars, or 16.6% below the corresponding 1957 week, and a decrease of 179,207 cars, or 22.4% below the corresponding week in 1956.

#### Passenger Car Output Rose 4.1% the Past Week

Automotive production for the week ended June 20, 1958, according to "Ward's Automotive Reports," rose by 4.1% as the industry prepared for the first of its shutdowns for changeover to 1959 model assemblies this week.

Last week's car output totalled 81,359 units and compared with 78,163 (revised) in the previous week. The past week's production total of cars and trucks amounted to 98,385 units, or an increase of 2,819 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 3,196 units while truck output eased by 377 vehicles during the week. In the corresponding week last year 118,805 cars and 22,279 trucks were assembled.

Last week the agency reported there were 17,026 trucks made in the United States. This compared with 17,403 in the previous week and 22,279 a year ago.

#### Lumber Shipments Were 3.9% Above Output in the Week Ended June 14, 1958

Lumber shipments of 485 reporting mills in the week ended June 14, 1958, were 3.9% above production, according to the National Lumber Trade Barometer. In the same period new orders were 1.2% below production. Unfilled orders amounted to 35% of stocks. Production was 5.9% above; shipments 6.5% above and new orders were 0.2% above the previous week and 14.6% below the like week in 1957. below the like week in 1957.

#### Business Failures Rise Moderately in Latest Week

Commercial and industrial failures increased moderately to 290 in the week ended June 19 from 254 in the preceding week, Dun & Bradstreet, Inc., reports. This partial rebound from the marked drop a week ago lifted casualties considerably above the 241 last year and the 245 in 1956. Six per cent fewer businesses failed, however, than in pre-war 1939 when 310 occurred.

Failures involving liabilities of \$5,000 or more climbed to 261 from 216 in the previous week and 201 in the similar week last year. On the other hand, small casualties with liabilities under \$5,000, declined to 29 from 38 a week ago and 40 in 1957. Concerns failing with liabilities in excess of \$100,000 remained at 30, the same as in the preceding week. same as in the preceding week.

Retailing casualties rose to 143 from 129, manufacturing to 58 from 50 and construction jumped to 44 from 25. In contrast, dips occurred in wholesaling failures, down to 26 from 30 and in commercial service, off to 19 from 20. Mortality exceeded last year's level in all industry and trade groups, with the most noticeable increases from 1957 centered among contractors and wholesalers.

increases from 1957 centered among contractors and wholesalers. Geographically, week-to-week increases prevailed generally. The only exceptions were the West North Central and West South Central States. The Middle Atlantic States reported an upturn to 103 from 92, the East North Central to 55 from 34, New England to 20 from 11. Milder rises appeared in the South Atlantic Region, up to 30 from 27 and the Pacific, up to 54 from 52. There were mixed regional trends from a year ago; five areas suffered heavier business casualties, three had lower tolls and one held steady. The New England and Middle Atlantic States accounted for the sharp-New England and Middle Atlantic States accounted for the sharpest increase from last year, while the most marked decline oc- Continued from page 3 curred in the West South Central Region.

Continuing down in May for the second month, business failures dipped 8% to 1,341 and their dollar liabilities dropped sharply by 33% to \$56,000,000, the lowest volume so far this year. Despite these declines, casualties exceeded in both number and size their totals in May last year.

Failures occurred at an apparent annual rate of 55 per 10,000 listed businesses. Up moderately from a 50 a year ago, this rate remained below the 70 in prewar 1939 and was only half the toll of 111 in 1933.

Fewer retailers succumbed then in any other results.

foll of 111 in 1933.

Fewer retailers succumbed than in any other month this year. Tolls dipped in all trades except the automotive group and drug stores where new postwar highs were reached. In manufacturing, food industry casualties were the lowest in 20 months and the leather industry's total dipped appreciably. But month-to-month increases prevailed in machinery, transportation equipment and printing

to-month increases prevailed in machinery, transportation equipment and printing.

Business mortality exceeded May a year ago in all functions except wholesaling. Service failures, mostly in business and repair service enterprises, climbed about a third above 1957.

In eight of nine geographic regions, tolls declined between April and May, but in all save the South Central and Mountain States, more concerns failed than last year. The New England rise over the previous May came principally from Massachusetts and Connecticut, the Middle Atlantic from New Jersey and New York, while Illinois and Wisconsin lifted the East North Central total and Oregon and Washington boosted the Pacific. In two states, New Jersey and Florida, new postwar highs were established. The large cities reported twice as sharp a rise from last year as the balance of the country. Chicago, Detroit, Newark and Seattle suffered considerable increases.

#### Wholesale Food Price Index Continued Its Upward Climb Last Week

For the third successive week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., rose last week. The index climbed 0.3% to \$6.63 on June 17 from \$6.61 a week earlier. The latest figure compares with \$6.20 on the similar date a year ago, or an increase of 6.9%.

Higher in wholesale cost during the week were wheat, corn, barley, hams, lard, sugar, cottonseed oil, raisins and hogs. Lower in price were flour, rye, oats, beef, cocoa, eggs, potatoes and steers. 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 Fractional Declines Last Week and Was Noticeably Under The 1957 Level

The 1957 Level

There was another fractional decline in the general commodity price level last week, with decreases in some grains, flour, sugar and lard prompting the downward movement. On June 16 the wholesale commodity price index, compiled by Dun & Bradstreet, Inc., fell to 279.63 from 279.76 a week earlier. It continued noticeably under the 291.30 level of the like week a year ago.

A decline in purchases of rye and oats resulted in an appreciable drop in futures prices during the week. Limited commercial supplies of wheat and corn stimulated trading, which resulted in prices climbing moderately. At the beginning of the week, stocks of both wheat and corn in Chicago were under a million bushels each. The upsurge in wheat and corn buying was curtailed at the end of the week by reports of favorable growing conditions in many areas.

in many areas.

A forecast of a record winter wheat crop discouraged flour transactions the past week and prices fell noticeably. Reports of possible grasshopper damage to the crop did not spur sales or prices at the end of the week. Commercial sales of flour for export totaled 57,300,000 bushels in grain equivalent so far this season, compared with 44,400,000 for the same period last season. Wholesale volume in soybeans was close to that of the prior week, but futures prices advanced slightly. Soybeans inspected for overseas export for the week ended June 6 amounted to 1,450,627 bushels, compared with 1,467,755 a week earlier and 757,710 in the comparable week a year ago.

comparable week a year ago.

Sugar volume was close to that of the preceding week, but raw sugar prices dipped somewhat. Coffee prices declined moderately as trading lagged. Cocoa buying was limited during the week and prices registered noticeable declines.

Hog receipts in Chicago fell perceptibly during the week and were moderately under those of the similar period last year. Butcher hog buying was sluggish at the beginning of the week, but picked up at the end of the period. Wholesalers reported a slight rise in hog prices. Cattle supplies slipped somewhat below the six month high of the preceding week. Buying rose somewhat and prices of steers rose moderately. A sharp reduction in Chicago in salable supplies of lambs helped boost prices noticeably during the week. Lard buying sagged with prices showing appreciable declines from the prior week.

Doubts that any new farm legislation would be passed by the present session of Congress stimulated cotton buying at the beginning of the week, but trading slackened at the end of the period. Spot cotton prices were close to those of a week earlier. Exports of cotton staple during the week ended on June 17 were estimated by the New York Cotton Exchange Service Bureau at 108,000 bales compared with 93,000 in the prior week and 112,000 in the corresponding week of last year. For the current season through June 10 exports reached 5,059,000 bales compared with 6,796,000 last season.

#### Trade Volume Last Week Showed Fractional Declines Below a Year Age

Although extensive Father's Day sales promotions helped volume in men's apparel rise over the prior week, it was slightly below a year ago. Slight year-to-year increases in purchases of women's clothing were offset by moderate dips in household goods. Over-all retail trade was fractionally less than in the similar week last year.

### Business Failures in May Declined Both in Redemption Restrictions Number and Size In Utility Bonds

under which the consent of the the initial public offering price SEC is required before bonds may plus the interest rate. For exbe issued. In accordance with this ample, if the bonds are offered to mandate, the Commission has been concerned with indenture provi-sions restricting the ability of utilities to call their bond issues or providing for redemption premiproviding for redemption premiums which are so high as to preclude any reasonable possibility of refunding at lower interest rates. In two cases in 1953, this position was clearly set forth. For example, in the Indiana & Michigan Electric Company case (35 S.E.C. 321, 326) it was stated that:

"It is our opinion, however, that nonredeemable features in senior securities, even though the period of nonredeemability is as short as three years, should not be resorted to as a means of reducing the cost of money, and we shall in the future insist that all reasonable efforts be made to keep this undesirable feature out of financing programs

The other case to the same effect was Arkansas Louisiana Gas Company (35 S.E.C. 313).

#### Rule-of-Thumb Redemption Premium

This position was officially adopted in a Statement of Policy issued as Holding Company Release No. 13105 dated Feb. 16, 1956, in which it was announced that bonds issued under that Act was the redeemable at any time

ample, if the bonds are offered to the public at 101 and bear a 4½% coupon, the initial redemption price may not exceed 105½, and the 5½ point premium must thereafter be reduced pro rata to maturity. Generally, we propose to adhere to this formula—which, I might add, actually has a certain amount of built-in flexibility in it by reason of changes in interest

amount of built-in flexibility in it by reason of changes in interest rates—until we are presented with a special or unusual situation which makes its application an unreasonable hardship.

This policy was adopted after taking into consideration the expense which an institutional investor incurs when it changes its portfolio. It was felt that the most which the investor output in good which the investor ought in good conscience to demand as a penalty for premature redemption would be a full year's interest on his investment.

#### Guarding Against Unreasonable Costs

Costs

In connection with non utility issues, if interest rates fall while the corporation is restricted in refunding its outstanding debt securities, the freeze provision does harm to no one except the stockholders of the corporation. But in connection with utility issues the interest of the consuming public presents an additional and different consideration. Even though the Holding Company Act that bonds issued under that Act must be redeemable at any time on payment of a reasonable redemption premium. While no formula is stated in this publication, the Commission has followed a rule-of-thumb that the initial redemption price should not exceed public presents an additional and different consideration. Even though the Holding Company Act does not give the SEC jurisdiction over utility rates, it does direct us to protect the consuming public against being required to support unreasonable interest costs.

We are firmly convinced that reasonable redemption provisions are essential to that end. The Holding essential to that end. The Holding Company Act. however, encompasses only about one-fifth in assets of the privately-owned electric utilities and somewhat less than that proportion of the privately-owned gas utility companies, and does not cover other types of utilities at all. Consequently, for the large segment of the utility industry not subject to our jurisdiction, this protection can come only from intelligent utility management attitudes or from the efforts of State or other Federal agencies having appro-Federal agencies having appropriate jurisdiction.

Let us look at a few examples of just how this all works out as a practical matter. On May 5 last, New Jersey Bell Telephone Company opened bids on a \$30 million a practical matter. On May 5 last, New Jersey Bell Telephone Company opened bids on a \$30 million issue of debentures not subject to the Holding Company Act. Four bids were received, the best bid resulting in a cost to the company of 3.87%. The debentures were rated Aaa, and are callable during the first three years at the public offering price plus 5%. This is not in strict accordance with the SEC formula, but it is far from a five year freeze provision. The purpose of the issue was to refund a previous issue in the same amount dated Sept. 1, 1957, due in 1993 and carrying an interest rate of 4%%. This previous issue had been floated on terms which resulted in a yield to the company from the refunding of 4.47%. The refunding thus resulted in a saving to the company's customers of 0.60% per year on \$30 million for 35 years. This figure amounts to \$180,000 a year or to \$6,300,000 for the 35 year period of the bonds. The original purchaser of a \$1,000 bond of the 1957 issue, who paid a premium of \$21.46, received \$50 in net premium for the trouble of changing his portfolio after a lapse of eight months—not a bad solace, it is submitted. I recognize, of course, that the more sophisticated long-term investors, who have the continuous problem of investing and reinvesting their moneys, regard this additional compensation of \$50 as being merely additive to the reduced amount of interest income they will earn on the new issue for the remaining period of years of the old issue.

Cites Two New England Cases

### Cites Two New England Cases

Another example of what I have in mind is found right here in New England. You will recall that when the New England Electric System formed the now Merrimack-Essex Electric Company in 1957, it was found necessary to pay off some existing bonds of two of the constituent rompanies in principal amount aggregating \$8,750,000, which had been floated in a favorable market and bore interest rates of 2% and 33 % respectively. The new company was obliged to pay 5% % on the new bonds, which were subject to SEC approval and which, under our rules, had been put up for company the subject to second t Another example of what I have to SEC approval and which, under our rules, had been put up for competitive bidding. However, just about six months later, on May 15, 1958, there being no bar to refunding. Merrimack-Essex was able to refund these bonds at a call price of 107.46 with an issue bearing a coupon rate of 4½% and an interest cost of 4.40%, netting the company a saving of some 73 basis points, or an aggregate of \$146,000 a year.

Our staff has made a study of

Our staff has made a study of all electric, gas and telephone utility refunding issues offered publicly for the five years from Jan. 1, 1953 to May 15, 1958. This tabulation covers 49 of such is-sues, nearly all of which refunded issues floated less than five years before, and all of which, with some immaterial exceptions, resulted in substantial savings to the utility companies involved. The total principal amount of the

Continued on page 36

The total dollar volume of retail trade in the period ended on Wednesday of last week was from 3% below to 1% higher than a year ago, spot estimates collected by Dun & Bradstreet, Inc., indicate. Regional estimates varied from the comparable 1957 levels by the following percentages: South Atlantic States 0 to +4%; New England and Mountain —1 to +3; West North Central and East South Central —2 to +2; Middle Atlantic and West South Central —3 to +1; East North Central and Pacific Coast States —4 to 0%. The total dollar volume of retail trade in the period ended

Contrary to the national trend, sales of household goods exceeded those of a year ago in Boston, Washington and St. Louis. The call for linens rose most noticeably in Boston, Buffalo and

Detroit.

Openings in Chicago and Grand Rapids attracted more buyers than were expected. Orders held close to those of a year ago with best-sellers being case goods, upholstered chairs and bedding. While bookings in refrigerators, lamps and lighting equipment improved, sales of air conditioners lagged again. There were substantial gains from recent weeks in purchases of floor coverings and draperies.

ings and draperies.

Wholesalers reported an appreciable rise in orders for boys' sumer clothing last week, especially sports shirts and slacks. Over-all volume in children's apparel was close to that of a year ago: Attendance at showings of men's Fall apparel in New York was at a record level and orders for dresses, suits and coats matched those of a year ago. There were some scattered re-orders for women's summer merchandise for women's summer merchandise.

A slight decline in trading in most textile markets occurred during the week. Despite some scattered orders for sateens and print cloths over-all volume in cotton gray goods dipped. There was a moderate decline in bookings in woolens, worsteds and lightweight coating fabrics. New England dyers and finishers reported a slight rise in incoming orders.

Food buyers noticeably stepped up their purchases of fresh fruit and vegetables last week, while volume in frozen foods declined. The call for canned goods, dairy products and baked goods was sustained close to that of the preceding week.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended June 14, 1958, declined 1% below the like period last year. In the preceding week, June 7, 1958, an increase of 1% was reported. For the four weeks ended June 14, 1958, a gain of 1% was recorded. For the period Jan. 1, 1958 to June 14, 1958, a decrease of 2% was reported below that of 1957. reported below that of 1957.

Retail trade sales volume in New York City the past week estimated by trade observers to be about even to 2% above the like week a year ago.

Cool weather, it was reported, failed to be a serious deterrent to shoppers the past week.

to shoppers the past week.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended June 14, 1958 advanced 3% above that of the like period last year. In the preceding week, June 7, 1958, a gain of 2% was reported. For the four weeks ended June 14, 1958, an increase of 2% was reported. For the period Jan. 1, 1958 to June 14, 1958 an increase of 1% was registered above that of the corresponding period in 1957.

Continued from page 35

### Redemption Restrictions In Utility Bonds

transfing interest rates. There have been other times when the same tendency to float refunding ssues has been a prominent factor in the financial market, notably during the first three years following World War II.

One interesting observation that the first company to take advantage of the recent easing of Interest rates was the New Engand Telephone & Telegraph Company which refunded on April 14, 1953, an issue of \$35 million of 434% bonds dated Jan. 1, 1957, but of the proceeds of an issue of 4% bonds, resulting in an annual vaving in interest to the utility of 0.47%, which equates to \$164,-500 a year. It is disconcerting to observe at this point, however, that, in spite of the economies made possibly by the call provisions of the 1957 issue, the 1958 for some reason, is not refundable for five years.

This last observation is doubly This last observation is doubly noteworthy in view of the experience of this particular company with non-callable bonds. During the year 1941 the New England Telephone & Telegraph Company 1940, as a part of its capital structure, two series of outstanding bonds, a 5% issue dated June 1, 1922 in the amount of \$25 million 1922 in the amount of \$35 million, due in 1952, but not callable until 1949, and another issue of 41/2 % bonds dated May 1, 1926 in the amount of \$40 million, due in 1961 but not callable until May 1, 1958. In 1941, the 5s of 1952 sold at a sigh of 127%, and 4½s of 1961 at 1311/4. If the company had been

issues refunded was about \$871 million. While there were a large number of such issues in 1954 and 1955, a period during which as we find by reference to Table I interest rates were at a fairly reasonable level, there were no refunding issues (except for Merrinack-Essex, a special situation) from Aug. 18, 1955 when money costs began to climb to April 14, 1958, when such costs had very definitely eased off. The average interest savings per year, before expenses, resulting from these refundings amounted to one-half of one percent or an aggregate of over \$4.3 million, surely not an inconsiderable item in the total annual cost of utility services to the American public. This study, of course, covers only one period of changing interest rates. There have been other times when the same tendency to float refunding inserting any provision of this a refunding would have resulted in gross interest savings to the company of well over \$1,000,000 a year from 1941 until the original maturity of the first issue and over \$500,000 a year thereafter until the maturity of the second issue. I am certain that any State Commission in the area would have been very pleased to have seen the New England Company's permitting itself to be argued into inserting any provision of this nature into the indenture.

#### Complaints Raised

Shortly after the SEC adopted snoruy arter the SEC adopted the Statement of Policy to which I have referred, we began to re-ceive complaints from various utilities whose issues were subject to its jurisdiction, that investment bankers were putting pressure on them to apply for a modification of this policy. Not caring to trust entirely to our own judgment, we thereupon consulted a couple of other and possibly more learned governmental agencies to see if there were some factor we had overlooked. These agencies con-firmed our analysis of the situafirmed our analysis of the situation and all finally agreed that it was very desirable to have complete flexibility in the contractual arrangements for debt capital, including the redemption of debt capital, and that provisions restricting refundability were undesirable and unnecessary, provided:

- (1) that the cost of the issue to the utility was not thereby unduly increased; and
- (2) that there was not thereby occasioned a restrictive effect on marketing the securities.

At that time, the Commission reviewed the evidence of market reaction to securities carrying a

and Exchange Commission like to feel that we are part of a dynamic economic system, and that one of our principal functions is to ex-pediate the free flow of capital within the framework of the law. We realize that conditions change as the years go by, and that polias the years go by, and that poli-cies which are quite sound in one economic situation may in time become unduly repressive or re-strictive as various factors influ-ence the economy. Consequently, it seems important that we review our policies continually on an overall basis, and with some par-ticularity when the occasion seems

investor interest than those not so

However, we at the Securities

overall basis, and with some particularity when the occasion seems to demand. Accordingly, our staff has made another and more current analysis of actual market operations recently to see whether our findings in 1956 and 1957, under one situation as regards the available supply and cost of capital, are still valid in 1958, under another and rather different situaanother and rather different situa-

Before I go into any detail, let

me remind you of the difficulties inherent in a study of this nature. As any elementary textbook on financing will point out, there are very many factors which influence the market price of securities, and a redemption restriction is only one among many possibilities. No two bond issues are exactly alike, even though they may enjoy identical ratings, be in the same principal amounts, bear the same maturities and be identical in every other mechanical respect. The investor may still find differences other mechanical in the coverage, the character of the management or the economy of the territory served which will influence him in deciding how much interest he will demand on his money, i. e., how much he will his money, i. e., how much he will pay for the security or, for that matter whether he will buy it at all. It is, I repeat, extremely difficult to isolate any given factor and say with any assurance at all that that particular factor has had any weight at all, and a fortiori that it has had an influence which is measurable. Conence which is measurable. Consequently, no matter what conclusequently, no matter what concusion may be reached in a survey an issue.

of this nature, it is extremely doubtful that the evidence will the number of bids received on a particular issue is affected by a particular issue is affected by a particular considerations as affect the attitude of anyone who is predisposed, even by some purely visceral reaction, to take a contrary view.

#### Comparative Study Made

redemption freeze, and found itself unable to conclude that such securities were either substantially less expensive or attracted more with the data were, naturally, quite limited. Since the more general use of the freeze provisions dates back only to May, 1957, as I have observed, it is reasonable to compare only issues floated since that observed, it is reasonable to compare only issues floated since that time. The cut-off date used was March 31, 1958. During this period there were some 88 electric and gas utility issues placed on the market under competitive bidding, of which 68 were refundable and 20 were non-refundable. The 68 refundable issues able. The 68 refundable issues aggregated \$1.221 billion in principal amount, and the 20 non-refundable issues aggregated \$676 million.

Admitting that such limited data would not justify any very strong conclusions, it is still interesting to note that an analysis months and by ratings shows instances where a comparison feasible between the average cost of money for refundable issues and for non-refundable issues. In five of these instances, the refundable issues had a lower the refundable issues had a lower average cost of money and in eight of them, the advantage lay with the non-refundable issues. Considering the various other factors observable in the data, this ratio seems extremely close, and does not appear to furnish any basis for concluding that the presence of a freeze provision on statistics to conclude that the refundability necessarily carries are refundable issues was 4.34, and on mon-refundable issues was 4.34, and on the above table on refundable issues was 4.34, and on the median number of bids for each group was the same, i. e., 4. We have been compelled by these refundability necessarily carries answer to the first of our question, and the broader jurisdiction of the State

with it any advantage to the issue in the cost of money. Most certainly, the difference is so slight as to indicate that a relatively small decline in interest costs during the period of the freeze, once the initial redemption premium is discounted, would result in prejudice to the company floating such an issue. The only conclusion to which we can arrive if from this admittedly sketchy is sketchy is sues. The underwriters, let it be clearly understood, are in busithis admittedly sketchy

ceptance in the market place of the bonds. This question divides itself into two subsidiary ques-tions, to-wit, does it have any effect on the number of under-writers willing to bid for the issue and, secondly, does it facilitate the retailing of the issue by the selling group?

#### Effect on Number of Underwriters

The importance of the first of these questions lies in the necessity for having a free wholesale market for utility bonds, a necessnerves? With the same caveats expressed previously as to the adequacy of the data and as to the presence of other unrelated influences, our studies show no visible effect of such a provision on the marketability of utility bonds.

Define Successful Placement

As a matter of the same caveats expressed previously as to the adequacy of the data and as to influences, our studies show no on the marketability of utility bonds.

Define Successful Placement

As a matter of the same caveats expressed previously as to the adequacy of the data and as to influences, our studies show no on the marketability of utility bonds. is what might be considered an inadequate number of bidders, then the basic reason for requiring competitive bidding is inapplicable, and there is no assurance plicable, and there is no assurance that the cost of money so arrived at is the normal market. From this point of view as well, our studies indicate that the presence of a freeze provision is given little, if any, weight by the underwriters when the chips are down and it is necessary to decide whether or not to please hid fee

such relevant considerations as the quality of the issue, its size, the appeal for other reasons of the issue to investors, its timing in terms of such factors as the current market conditions, the number of issues expected to appear in the near future, the current inventory of the underwriters and many other factors. Notwithstanding these variables, it seems rea-sonable to assume that their pres-ence or absence will tend to cancel out if there is a sufficient sample. It can hardly be maintained that the 88 issues which appeared during the study period constitute a definitive or even perhaps a wholly adequate basis for drawing any very emphatic conclusions. Nevertheless, such statistics are at least some evidence and perhaps might be considered sufficient to shift the burden of proof the one who maintains the consister. 88 issues which appeared to one who maintains the opposite.

The data for the issues included in the study are presented in the following table.

CUDIC:	
Number of I	Bond Issues Non-
Refundables	refundable
2	-
. 6	2
12	6
20	4
10	6
12	1
5	B
1	1 .
Manager 1	
68	20
	Number of I Refundables  2 6 12 20 10 12 5 1

As we view it, we cannot stop with the bonds in the hands of the underwriters. It may be that the underwriters had their own reasons not connected with the merits for placing bids on such issues. The underwriters, let it be clearly understood, are in business to make a profit, and they cannot realize a profit unless the securities they purchase are sucperiod which is the current fashion, has no visible effect on the cost of money to the issuer.

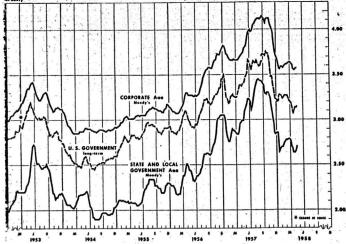
There remains the question of the effect which the inclusion of the effect which the inclusion of such a provision has on the acceptance in the market place of the bonds. This question divides itself into two subarations. to collect accruing interest, there would be little to be gained by would be little to be gained by going out of the investment field and into the underwriting field. Consequently, we are forced to come to the second subquestion I have posed: does the investing public buy with a satisfactory degree of eagerness utility bonds which may be refunded at any time, or are such bonds as a rule "sticky" and apt to remain for unsatisfactory periods on the dealers' shelves? With the same caveats expressed previously as to the adequacy of the data and as to

think we are justified in regarding as a successful placement any offering of which, at the termination of the syndicate, at least 95% has been sold at the syndicate price, been sold at the syndicate price, or, conversely, in which not more than 5% of the issue goes onto the shelves for sale without syndicate support. Of the 68 refundable issues included in our sample, 79.4% were successful according to this definition. In terms of principal amount, 78.2% of these issues were successful. By the same definition, 80% in number and 88.3% in amount of the ber and 88.3% in amount of the non-refundable issues were successfully marketed. To what extent this latter percentage figure would be affected by having a larger sample of non-refundables is, naturally, entirely conjectural. However, we cannot deduce from these data that the presence or absence of a freeze has any especial significance, let alone a controlling influence, upon the success of the offering in any particular case, and we are compelled to answer the second of our subquestions also in the negative.

The subject of the effect of indenture provisions which delay or impose excessive terms on reimpose excessive terms on re-demption is the subject of a spe-cial study which is being con-ducted currently under the auspices of the Wharton School of Finance and Commerce of the University of Pennsylvania. Mr. Pines is a member of the commit-tee which is conducting this study tee which is conducting this study. I am given to understand that it covers substantially wider ground covers substantially wider ground than our own, and is expected to be completed this year. Although the study is still in progress, and I have no knowledge of what it will show when completed, I would indeed be surprised if it produces results which are substantially inconsistent with what I have pointed out here I have pointed out here.

Having borne with me so far, I think you are entitled to know why, aside from considerations of self-justification, I am placing these figures before you, in par-

### HIGH-GRADE BOND YIELDS



(1) Corporate and U.S. Government bond yields are based on weekly average of daily figures; State and local government bond yields are based on figures for same day of each week.

(2) Average terms of bonds are: corporate bonds 25-26 years; U.S. Government bonds (due or callable) 10 years or more; State and local government bonds (consisting only of general obligations bonds) 20 years.

Commissions. We believe that it Continued from first page Commissions. We believe that it is to the advantage of the general public that any tendency of the financial community further to insist upon such indenture provisions be discouraged. It must be borne in mind that the data I have presented have been developed in an area in which the refundables outnumbered the non-refundables by over three to one in terms of by over three to one in terms of number of issues and by nearly two to one in terms of principal amount. The fact that the two amount. The fact that the two types of issues do not, on the whole, produce particularly dissimilar statistical results may in some measure be due to the fact that institutional investors, under such circumstances, have not always had at any particular time a completely free choice—assuming they have wished to invest in public utility bonds—in the commitment of their funds for investment as between refundables and non-refundables. non-refundables.

On the other hand, if the practice of including a five-year freeze on refundability were to become much more widespread than it now is, so that the number and now is, so that the number and the dollar amount of refundable issues were to constitute only a minority of the total number and dollar amount of all bond issues which are marketed, then the institutional investors would have a freer choice than they now have in the commitment of their funds for investment as between the two types of issues. The result might very possibly be that refundable issues would then be at disadvantage vis-a-vis the nonrefundables from the standpoint of the relative chances of success or failure in the public distribution, the number of bids received and the cost of money to the is-

I am presenting this situation I am presenting this situation, therefore, to regulatory officials of the States. I know that they are interested in protecting the utilities under their jurisdiction from being compelled to conform to financial policies which would be expensive to the utilities and to their customers. If the State Commissions will join the Securities and Exchange Commission in Commissions will join the Securities and Exchange Commission in insisting that the institutional investors be reasonable in their demands upon the issuers of utility bonds, all of us who are charged with the duty of protecting the public can more effectively perform our respective duties. I am suggesting a substantial degree of collaboration in this field between the Securities and Exchange Commission and Exchange Commission the State Commissions generally, and the New England Commissions in particular, leading to uniform treatment of applications of this nature. This is another case where, if we don't hang together, we may hang separately.



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# How Can Business Speed the Upturn?

operations have added to the lending power of banks. The Fed-eral Reserve is leaning against the recession wind.

This switch has greatly reduced cost of credit and put the banks under pressure to make investments and loans in order to vestments and loans in order to put their assets to work. The prime bank rate has been cut from 4½% to 3½%. The prime commercial paper rate has dropped from over 4% last November to 1.6% recently. Interest rates on long-term and corporation bonds have declined. have declined.

Meantime, the loans and invest-ments of commercial banks have increased by \$8 billion in the last 12 months. Even though business has declined, the money supply has not been allowed to run off; if time deposits are included, the money supply is now \$9 billion above the level of a year ago, and about \$6 billion above the peak of prosperity last July.

In short, our financial system is now lighly liquid and favorable to recovery and economic expansion. It is also favorable to business refinancing at lower rates. Nevertheless, monetary policy alone cannot cure recession.

Fiscal policy for the next year will also be favorable to economic recovery. The government, in fis-cal 1959, is expected to spend from \$78 to \$80 billion, and will collect from business and indi-viduals less than \$70 billion in taxes. Government demand for goods and services will be stronger quarter by quarter for the next year. State and local government expenditures will rise by \$2½

billion or more.

The decline in inventories and in plant and equipment expendi-tures accounts for most of the rise in unemployment and the decline in GNP.

Excessive inventories in the operates more efficiently, at less hands of manufacturers (mostly cost and involves less maintenance durables) have been reduced, but are still burdensome. The ratios

ter, particularly something which operates more efficiently, at less hands of manufacturers (mostly cost and involves less maintenance and servicing.

The typical household has beof inventories to sales are still rising in some lines.

If our economy is well stocked with productive capacity and con-sumer durables, what can these businesses do about it?

Better Promotion and Innovation

A re-examination of sales and promotion efforts is always in order. A slack sales period is generally a good time to increase advertising and sales expenditures. A closer check on specific responses to pin-pointed advertising and pin-pointed sales effort and outlays may reveal the need for more skillful deployment of resources. Since human wants are insatiable, new product and service research may suggest latent wants and needs. Even in the great depression of the 1930's, radios, electric wash machines, electric refrigerators and diesel locomotives resisted the decline. Many new products are in various stages of development, and often it is possible to accelerate their introduction when demand for existing lines threatens to decline.

But all of these efforts must take account of the financial strength of the business. Recession is a testing period. Dissipation of resources will not strengthen an enterprise. The first responsibility of any company is to remain in business, to remain solvent and to be set to take advantage of the market as it unfolds. Meantime, anything which a company can do to move toward a more profitable position is in the general interest as well as the interest of the company. The strength of the American economy rests on the strength of its individual units.

Plant and Equipment

Even with temporary idle ca-acity in many if not in most industries, few companies have all the modern up-to-date cost-re-ducing equipment which they could use. The average age of ducing equipment which they could use. The average age of equipment in place is, possibly, at an all-time high, in spite of all the growth in new plant and facilities since World War II. In 1940, about 72% of the metalworking machinery in place in American industry was at least ten years old, and this year the figure may be at least as high; machinery at least 20 years old may be at a new high as well, according to the editor of The American Machinist. American industry faces a major re-equipment task. ment task.

Producers of equipment could enlarge their sales by renewed effort to show buyers how the new equipment will cut costs and pay for itself in a short time. While this is always emphasized, a reinvigorated effort at this time, when business faces red ink, might pay off exceptionally well, both for the equipment companies and the users. Easier credit should facilitate these efforts. Furthermore, under vigorous competition when one company makes a marked improvement in such cost cutting, its rivals must quickly follow suit if they are to stay in business. So, such sales efforts on a broad front could have cumula-

#### Consumer Durables

While the decline in sales of consumer durables is traceable to the well-stocked condition of the consumer and the accompanying rise of consumer debt, the con-sumer, too, can be induced to re-place the old with something better, particularly something which operates more efficiently, at less cost and involves less maintenance

tween one and two dozen electric motors in operation and a heavy investment in durable goods, in-cluding automobiles. Its resistance to new purchases may be due, in many cases, to rising repair, maintenance and servicing costs —just to keep all this equipment operating. New consumer durables, designed to endure longer without expensive repairs and servicing, would have a strong sales appeal—particularly if the retailer can clearly demonstrate in a convincing way that repair and servicing bills will be lower and, perhaps, even show that this saving will pay for the new equipment over the life of that equipment.

Speaking of industrial plant and consumer durables, The Economist (London) recently said that it is unfortunate that the things industry needs to sell most are just the things consumers need to replace the least. Thus, these industries have three choices:

(1) Operate at substantially less than full capacity;
(2) Accelerate modernization

and emphasize, particularly, cost-savings, both for business and the consumer

(3) Shift production into lines where consumer demand is strong and can be expected to grow.

A news dispatch (June 5) pointed out that while automobile sales are sluggish, the demand for candy is booming. Soft drinks are in heavy demand, while the makers of stoves and refrigerators suffer. The railroads are troubled, but the pretzel bakers report difficulty in supplying their marbled, but the pretzel bakers report In time of recession, company difficulty in supplying their markets. Orders for machine tools resist the granting of indigestible are depressed, but the pickle and uneconomic wage increases.

The economic lesson of these contrasts should be obvious.

#### Cost Reductions

In prosperous times when sales come relatively easily, business practices may become lax. Procedures and activities appropriate to earlier periods may be out-moded and even unnecessary.

the way for creative cost-cutting in silence.
economies and for producing better consumer values.

When red ink and even insolvency threaten, the entire organization can be attuned to cooperate in carrying out a vigorous cost-cutting and waste-elimination program. By establishing manage-A rise in income is al program. By establishing management committees to examine every operation and function and make recommendations, many savings can be implemented which a year ago would have been thought insuperable.

A rise in income is always a rise in cost to someone else, unless offset by a rise in productivity. This obvious economic lesson needs to be told and retold, again and again. In the last article written by Lord Kayner (the meet in recommendations, many savings can be implemented which a year ago would have been thought insuperable.

Numerous companies that such campaigns involving many different lines of approach have enabled them to save as much as 10% of payroll and over-head costs. This, in turn, permits price reductions which enable the company to penetrate new markets and stimulate sales.
Slack periods also provide op-

portunities to reassess manpower at all levels and to institute retraining: programs. New talent can be recruited with more dis-crimination. Getting the right man in the right place often is more important than what the wage or salary rate may be. There is a vast difference between wage rates and labor costs.

What can be done is illustrated

by a metal plant. The situation was critical. Red ink was in sight. Survival depended on cost reduc-tion. With nearly 300 fewer em-ployeees than at the start of the year, the company produced more in 1957 than in the previous year and at a substantially lower unit cost. And the entire reduction was accomplished through natural attrition without a layoff.

Key to the plant's achievement

was employee communications aimed at these goals: telling em-ployees what was happening; telling them why; telling them how it affected their interests; telling them what they could do about it, and getting their own ideas. The plant used the management newsletter, employee publications, 42 bulletin boards, 21 letters to employees, a series of 16 employee meetings held by each foreman and discussions with union representatives.

Employee communications can work in reducing costs—whether a business is affected by recession or not.

#### Labor Costs

What happens in collective bargaining in key industries is of profound concern to all businesses, workers and consumers. Massive wage settlements have become a roadblock to recovery. With large wage increases facing the steel, aluminum, electrical, and other industries this summer at a time of labor surpluses, the well-being of nearly every industry, worker and consumer is adversely af-fected. Labor leaders have become "wage nominalists"; the "wage rate" seems to mean more to them than full employment or a stable rate dollar. Or, they say, in effect, "So long as we can ride the escalator, let 'er rip."

packers say business is wonderful. Management will receive the full The economic lesson of these consupport of the public in this effort, only if the facts are made clear on how real progress and stability are jeopardized, not advanced, by continued cost-raising wage set-tlements. As a nation we can afford wage increases only when they are fully offset by productivity improvements.

to earlier periods may be outmoded and even unnecessary.

While one of the great merits of private competitive enterprise costs, therefore, must involve a sustained genuine effort to earn costs and eliminate waste, it is when markets get soft and sales are harder to make that management has the reinforced incentive and clear-cut evidence that overhead and all other costs must be cut. The rigors of necessity may be used by management to break down established habits and pave the way for creative cost-cutting

Management must learn that Management must learn that when a final offer is made after careful listening, review and full explanation of all the facts and issues, and a strike occurs, then any increased offer merely puts a premium on future strikes.

ten by Lord Keynes (the most in-fluential economist of our generation) and published posthumously in 1946, he said that he believed that the United States was becoming a high-cost economy. We may expect businessmen to do their share to prevent this from coming to pass.

An increasing number of companies have been seeking long-term labor contracts as a desirable bargaining objective. Now, these employers face rising costs with no possibility of modification. In the building industry, five-year contracts were signed in 1957 in a number of communities at the height of the construction boom, which provided for increases in wages (and fringes, in many cases) cases) for each of five years in a row. In 1958, three or four million workers will receive predetermined wage increases, regard-An increasing number of com-

and hosinesses during good uals and businesses during good times in making commitments that assume continual inflation in prices."

Since our economy is highly dynamic, and since this involves persistent change, company-by-company, industry - by - industry, and even for the economy as a whole, entering long-term contracts which provide for steadily rising cost components moved. racts which provide for steadily rising cost components may not be good for the company, the industry, or the economy. Any company which puts itself on a rising cost limb may find that its competition (exising or new) is in an excellent position to saw off that

#### Summary

Monetary and fiscal policy are now favorable to recovery, but recovery will depend primarily on what American industry does. More vigorous and more skillful

More vigorous and more skillful sales and promotion efforts and accelerated introduction of new products which provide good values will stimulate sales.

New products and equipment for both business and consumers, which constitute better values and, particularly, which will involve savings, should find the best markets.

A period of slack provides the

A period of slack provides the A period of slack provides the pressure and the urgent necessity for eliminating waste and less essential activities. It also provides management with urgent pressure to re-examine wage costs and to develop a wage policy which will put the emphasis on real wages and not just nominal wage rates.

# Securities Now in Registration

\*ABC Vending Corp. (7/16)
June 24 filed 150,000 shares of common stock (par \$1).
Price—To be supplied by amendment. Proceeds — To selling stockholders. Underwriter—Reynolds & Co. Inc., New York.

\*\*Aelus Wing Co., Inc.
June 16 (letter of notification) 3,500 units, each composed of 10 shares of common stock (par \$1) and five shares of 7% cumulative participating preferred stock (par \$1). Price—\$15 per unit. Proceeds—For completion of plant and general corporate purposes. Office—346 South Broad St., Trenton 10, N. J. Underwriter—None.

Air Craft Marine Engineering Corp.
May 28 (letter of notification) 300,000 shares of common stock. Price—At par (\$1 per share). Proceeds—For operating expenses for one year; manufacturing expenses; expenses for materials and retirement of loans and balance. ance for general fund of the company. Office—15759. Strathern St., Van Nuys, Calif. Underwriter—None.

Allied Laboratories, Inc.
June 6 filed 65,000 shares of common stock to be offered in exchange for all the outstanding shares of common stock of Campana Sales Co.

Aluminum Top Shingle Corp.

June 9 (letter of notification) 150,000 voting shares of common stock. Price—At par (\$1 per share). Proceeds—For inventory, improvements to buildings and working capital. Office—245 S. W. 133rd St., Beaverton, Ore. Underwriter-None.

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 Hospital Supply Corp., Evanston, III.
June 24 filed 100,000 shares of common stock (par \$4)
to be offered under Restrictive Stock Options to officers
and key employees of the company and its subsidiaries.

American Houses, Inc.

June 3 (letter of notification) 27,575 shares of 5% cumulative convertible preferred stock. Price—At par (\$10 per share). Proceeds—To improve the company's net current asset position. Office—South Aubrey & East South Streets, Allentown, Pa. Underwriter—None.

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.

Anits 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.

Arden Farms Co., Los Angeles, Calif.
June 4 filed \$3,000,000 of 5% subordinated debentures, second series, due July 1, 1986 (convertible until July 1, 1968), together with 172,162 shares of the company's common stock (par \$1) to be offered for subscription by holders of outstanding common stock at the rate of one new share for each five shares held on the offertive data. new share for each five shares held on the effective date of this registration statement. Price—To be supplied by amendment. Proceeds—To pay off an equivalent portion of the company's current bank loans which, at May 15, 1958, amounted to \$8,450,000.

Arkansas Western Gas Co.

Arkansas Western Gas Co.

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; rights to expire on June 17 (with an oversubscription privilege). Price—\$15 per share. Proceeds—For property additions and improvements. Office—Fayetteville, Ark. Underwriter—None.

Asotin Telephone Co., Asotin, Wash. May 20 (letter of notification) 500 shares of 5½% cumu-

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lative preferred stock. **Price**—At par (\$50 per share). **Proceeds**—For construction of lines and increase of plant necessary to extend the service. **Underwriter**—None.

Atlanta Gas Light Co. (6/27)

June 5 filed 121,317 shares of common stock (par \$10) June 5 filed 121,317 shares of common stock (par \$10) for subscription by the holders of the company's outstanding common stock on the basis of one new share for each eight shares held of record June 26, 1958; rights to expire on July 11. Price—To be supplied by amendment. Underwriter — First Boston Corp., New York, Courts & Co. and Robinson-Humphrey Co., Inc., both of Atlanta, Ga.

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. (7/14)
Feb. 10 filed 400,000 shares of common stock (par 2t 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.

April 14 filed 8,934 shares of common stock. Price—Alpar (\$100 per share). Proceeds—For general corporate purposes. Underwriter — Bankers Bond Co., Louis-

★ Barton Distilling Co., Chicago, III.

June 20 filed \$300,000 of 6% secured notes, due July 1, 1963, and \$1,000,000 of 6% secured notes, due July 1, 1964. The \$300,000 of notes are direct obligations of the company secured by whiskey warehouse receipts for not less than 375,000 original proof gallons of Kentucky bourbon whiskey produced by the company not earlier than Jan. 1, 1957. The \$1,000,000 of notes are direct obligations of the company secured by whiskey warehouse receipts for not less than 1,250,000 original proof gallons of Kentucky bourbon whiskey produced by the company not later than Jan. 1, 1958. Price—To be supplied by amendment. Proceeds—For the repayment of short-term loans from banks and others; and the balance will be added to the general funds of the company and will be available for financing inventories of aging Underwriter-Fulton Reid & Co., Inc., Cleve-

• Billups Eastern Petroleum Co. (7/8-9)
May 29 filed \$2,500,000 of 7% debentures due July 1,
1993, and 650,000 shares of common stock (par \$1) to be 1993, and 650,000 shares of common stock (par \$1) to be offered for sale in units, each consisting of \$1,000 of debentures and 20 common shares. Price — \$1,000 per unit. Proceeds—To acquire all of the assets of Orlando Fuel Oil Co., Inc., Florida Service Corp., Billups Petroleum Co. of Georgia, Inc., Billups Petroleum Co. of N. C., Inc., Billups Petroleum Co. of S. C., Inc., Florida Friend Oil Co., Inc., and Your Friend Oil Co., Inc. Office—Jacksonville, Fla. Underwriter—The Johnson, Lane, Space Corp., Savannah, Ga.

★ Boeing Airplane Co. (7/16)
June 25 filed \$30,597,600 convertible subordinated debentures due July 1, 1980, and \$60,000,000 sinking fund bentures due July 1, 1980, and \$60,000,000 sinking fund debentures, due Aug. 1, 1978. The convertible subordinated debentures are to be offered to the company's stockholders for subscription at the rate of \$100 principal amount of debentures for every 23 shares of capital stock held on the offering date. The sinking fund debentures will be offered for sale directly to the public. Proceeds—To pay \$115,000,000 of bank loans outstanding at June 16, 1958, with the balance, together with retained earnings, to be used for work in process inventories and receivables. Price—To be supplied by amendment. Underwriter—Each issue will be underwritten by Harriman Ripley & Co., Inc., and Blyth & Co., Inc.

★ Boston Edison Co. (7/10)
June 20 filed 250,000 shares of cumulative preferred stock (par \$100). Price—To be supplied by amendment. Proceeds—To repay short-term bank loans which were incurred in connection with the company's construction program. Underwriter-First Boston Corp., New York.

Budget Finance Plan, Los Angeles, Calif. (9/3) Budget Finance Plan, Los Angeles, Calif. (9/3)
June 10 filed \$1,320,000 6% serial preferred shares (\$10
par). Price—To be supplied by amendment. Proceeds—
To be used in conjunction with proposed merger of company and Signature Loan Co., Inc. Stockholders of Budget Finance will vote on proposal Aug. 5, 1958. Underwriter—Shearson, Hammill & Co., New York. Offering—Expected in Sentember. -Expected in September.

Calidyne Co., Inc., Winchester, Mass.

Calidyne Co., Inc., Winchester, Mass.
June 4 filed 230,875 shares of common stock (par \$1).
These shares are issuable upon conversion of an aggregate principal amount of \$923,500 of 10-year 3% convertible subordinated income notes of the Calidyne Co., a limited partnership, which notes were assumed by the company Dec. 31, 1957. The notes are convertible at any time after July 1, 1958, until the maturity or prior redemption of the protes at a conversion price of \$4 per redemption of the notes at a conversion price of \$4 per share. Underwriter—None.

\* California Magnetic Control Corp., North

Hollywood, Calif.

June 13 (letter of notification) 110,000 shares of common stock (par 50 cents). Price—\$2 per share. Proceeds—

\* INDICATES ADDITIONS SINCE PREVIOUS ISSUE . ITEMS REVISED

For general corporate purposes. Underwriter—Holton, Hull & Co., Los Angeles, Calif.

★ California Water & Telephone Co. (7/10)
June 19 filed 200,000 shares of \$1.24 dividend convertible preferred stock (par \$25). Convertible into common stock at \$23,8095 until Aug. 1, 1963, and at \$25 thereafter. Price—To be supplied by amendment. Proceeds—To reimburse the company treasury for expenses in connection with construction, extension and improvement of facilities. Underwriter—Blyth & Co., Inc., New York and San Francisco. and San Francisco.

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 Toc. 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 Cooperatives, Inc.

May 26 (letter of notification) \$250,000 promissory notes consisting of \$100,000 principal amount of 4% 6-year notes and \$150,000 of 5% 9-year notes. Price—At par (in multiples of \$100). Proceeds—To retire notes and for working capital. Office—1901 Winter St., Superior, Wild Indonwiter None Wis. Underwriter-None.

**★** Chase Fund of Boston

June 24 filed (by amendment) an additional 1,000,000 shares of beneficial interest in the fund (par \$1). Price -At market. Proceeds—For investment.

• Chesapeake Utilities Corp. (6/30)

May 26 filed \$700,000 of 6% debentures due 1983 and 114,030 shares of common stock (par \$2.50), the debentures and 42,000 shares of stock to be offered in units tures and 42,000 shares of stock to be offered in units consisting of a \$100 debenture and six shares of stock; the remaining 72,030 shares to be offered separately.

Price—\$130 per unit; and \$6 per share. Proceeds—To purchase from Eastern Shore Natural Gas Co., a subsidiary, its \$350,000 of 25-year 6% convertible subordinated notes, \$245,000 of its 25-year subordinated notes, and additional shares (unspecified) of its common stock, at an aggregate price of \$1,215,000 plus interest, if any, on the notes Underwriter—Harrison & Co., Philadelphia, Pa. Offering—Expected June 30. Pa. Offering-Expected June 30.

\* Citizens Acceptance Corp.

★ Citizens. Acceptance Corp.

June 9 (letter of notification) \$240,000 of 6% 5-year series E debentures to be offered in denominations of \$500, \$1,000 and \$5,000. Price—At par. Proceeds — For expansion of business. Office — Citizens' Bldg., The Square, Georgetown, Del. Company formerly named Citizens' Loan & Mortgage Co. Underwriter—None.

Commerce Oil Refining Corp.

Dec 16 filed \$25,000,000 of first mor \*\*sge boards due Sept. 1, 1968, \$20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 sharer a common stock to be offered in units as follows: \$1,000 of bonds and 48 shares of stock and \$100 of debentures of nine shares of stock.

Price—To be supplied by americann. Proceeds—To construct refinery. Underwriter—Lehman Brothers, New York Offering—Indefinite.

★ Cooperative Grange League Federation

Exc. ange, Inc.

June 20 filed \$400,000 of 4% subordinated debentures, 10,000 shares of 4% cumulative preferred stock (par \$100) and 200,000 shares of common stock (par \$5).

Price—At par. Proceeds—To be added to working capital. Office—Ithaca, N. Y. Underwriter—None.

Counselors Research Fund, Inc., St. Louis, Mo. Feb. 5 filed 100,000 shares of capital stock, (par one cent). Price—At market. Proceeds—For investment. Underwriter—— Counselors Research Sales Corp., St. Louis. Robert H. Green is President.

★ Crestone Co.
June 13 (letter of notification) 40,000 shares of common stock. Price — At par (\$1 per share). Proceeds — For mining expenses. Office — 22476 Grand River Ave., Detroit 19, Mich. Underwriter—None.

Cuban-Venezuelan Oil Voting Trusts, Havana, Cuba

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.

★ Dairy Fresh Foods, Inc.

★ Dairy Fresh Foods, Inc.

June 16 (letter of notification) 59,950 shares of common stock (par \$1). Price—\$5 per share. Proceeds—To repay advances, complete construction of a plant and other working capital. Office—1507 Mile High Center, Denver 2, Colo. Underwriter—None.

★ Dale Bros., Inc. | June 18 (letter of notification) 398 shares of Class A June 18 (letter of notification) 898 shares of Class A 6% cumulative preferred stock (par \$50), to be exchanged on share-for-share basis for outstanding 6% preferred, and 2,102 shares of class A preferred stock. Latter will be sold publicly at par (\$50) for an aggregate offering price of \$105.100. Proceeds—From new issue to retire debt and for working capital, Office—1420 H St., Fresno, Calif. Underwriter—None. Davis Brothers, Inc.

June 5 (letter of notification) 1,400 shares of \$6 cumulative-preferred stock. Price—At par (\$100 per share).

Proceeds—For working capital. Office—501 West 44th Ave., Denver, Colo. 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.

Dayton Aviation Radio & Equipment Corp. (7/1)
May 28 filed 500,000 shares of common stock (par 50 cents). Price—\$1 per share. Proceeds—For general corporate purposes. Underwriter.—McDonald, Holman & Co., New York.

DeKalb-Ogie Telephone Co.

May 29 (letter of notification) 22,024 shares of common stock to be offered to stockholders of record June 16, 1958 on the basis of one share for each eight shares now held. Rights expire July 16, 1958. Price—At par (\$10 per share). Proceeds—For a construction program. Office—112 West Elm St., Sycamore, III. Underwriter—None.

★ De Lys Threatre Associates, Inc.

June 20 (letter of notification) 120,000 shares of pre-ferred stock (par \$1) and 600,000 shares of common stock (par one cent) to be offered in 12,000 units, each consisting of 10 shares of preferred and 50 shares of common stock. Price—\$10.50 per unit. Proceeds—For production of plays. Office—133 W. 72nd St., New York 23, N. Y. Underwriter—None.

Denver Acceptance Corp., Denver, Colo.

May 19 filed 1,000,000 shares of common stock (par \$1). Price—\$2 per share. Proceeds—To engage, through one or more subsidiary companies to be formed or acquired, in the business of writing life insurance and annuity policies. Underwriter—DAC Securities Corp., Denver, Colo.

Derson Mines Ltd.

June 5 filed 350,000 shares of common stock. Price—\$1 per share. Proceeds—For new equipment; repayment of loan, acquisition of properties under option, and other corporate purposes. Office—Toronto, Canada, and Emporium, Pa. Underwriter—None.

Dieterich Field, Inc.
June 2 (letter of notification) 500 shares of capital stock.
Price—At par (\$100 per share). Proceeds—For working capital. Office—923 Farnam St., Omaha, Neb. Underwriter—None.

● Diketan Laboratories, Inc. (7/1)
June 10 (letter of notification) \*43,336 shares of common stock (par \$1) to be offered to stockholders on the basis of one share for each 10 shares held until the close of business on June 20, 1958. Offer expires on July 11, 1958.

Price—\$1,10 per share. Proceeds—For the general fund of the company. Office—5837 W. Adams Blvd., Culver City, Calif. Underwriter—Lloyd Arnold & Co., Beverly Hills, Calif. Offering—On or about July 1.

Hills, Calif. Offering—On or about July 1.

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.

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.

Evergreen Gas & Oil Co.

June 2 (letter of notification) 1,500,000 shares of common stock (par five cents). Price—15 cents per share. Proceeds—For working capital. Office—E. 12707 Valleyway, Opportunity, Spokane, Wash. Underwriter—Pennaluna & Co., Spokane, Wash.

A Farm & Home Loan & Discount Co.

June 19 (letter of notification) 125,000 shares Class A voting common stock (par 25 cents); 100,000 shares Class B common voting stock (par 35 cents); and 100,000 shares Class C non-voting common stock (par 50 cents), all to be offered at par, as follows: The class C stock is made only to persons who, at the date of the offering, were policyholders of the company; Class A stock only to persons who were policyholders before Feb. 25, 1952, and to certain officers, directors and employees; Class B stock only to policyholders on Feb. 25, 1952. Proceeds —To be added to company's cash balances Underwriters —None.

## **NEW ISSUE CALENDAR**

June 27 (Friday)

June 30 (Monday)

Chesapeake Utilities Corp. \_\_\_\_Common & Debs.

Orange & Rockland Utilities, Inc.\_\_\_\_ (Bids 11 a.m. EDT) \$10,000,000

July 1 (Tuesday)

Chicago, Burlington & Quincy RR.\_\_\_\_Eq. Tr. Ctfs.

Dayton Aviation Radio & Equipment Corp.\_\_Com. (McDonald, Holman & Co.) \$500,000

Florida Power Corp.\_\_\_\_Bonds
Bids 11:30 a.m. EDT) \$25,000,000

Grand Union Co.\_\_\_\_\_Debentures
(Offering to stockholders—underwritten by Morgan
Stanley & Co. and W. E. Hutton & Co.) \$10,450,000

Jetronic Industries Inc.\_\_\_\_Common (Mortimer B. Burnside & Co.)

Potomac Plastic Co.\_\_\_\_\_\_Debs. & Stock (Whitney & Co.) \$115,000

Salem-Brosius, Inc. \_\_\_\_\_Debentures

.\_\_Common

July 2 (Wednesday)

Martin Co. (Smith, Barney & Co.) \$25,000,000 Debentures

July 7 (Monday)

Laclede Gas Co. (Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith) \$8,000,000

July 8 (Tuesday)

Laclede Gas Co.\_\_\_\_Bonds

Northern States Power Co. (Minn.) Bonds
(Bids 11 am. EDT) \$30,000,000

July 9 (Wednesday)

Mead Corp. Debentures (Drexel & Co. and Harriman Ripley & Co. Inc.) \$25,000,000 Missiles-Jets & Automation Fund, Inc.\_\_Common (Ira Haupt & Co.) \$5,000,000

Common

July 10 (Thursday)

Boston Edison Co.\_\_\_\_\_Preferred (The First Boston Corp.) \$25,000,000 California Water & Telephone Corp.... Preferred (Blyth & Co., Inc.) 200,000 shares

Southern Natural Gas Co.....Debentures (Bids 10:30 a.m. EDT) \$30,000,000

July 14 (Monday)

Bankers Management Co.\_\_\_\_\_Common (McDonald, Holman & Co., Inc.) \$400,000

July 16 (Wednesday)

ABC Vending Corp. (Reynolds & Co. Inc.) 150,000 shares .\_\_Common

United States Steel Corp....\_\_\_\_Debentures
(Morgan Stanley & Co.) \$300,000,000

July 17 (Thursday)

Bonds

July 21 (Monday)

Textron, Inc. \_\_\_\_\_Common (Offering to stockholders—underwritten by Blair & Co., Inc. and Scherck, Richter Co.) 389,577 shares

July 23 (Wednesday)

Washington Water Power Co.\_\_\_\_\_Bonds (Kidder, Peabody & Co., Inc.; Blyth & Co., Inc.; White, Weld & Co., and Laurence M. Marks & Co.) \$15,000,000

July 24 (Thursday)

Tennessee Gas Transmission Co.....(Dillon, Read & Co., Inc.) 1,084,054 shares

August 11 (Monday)

Utah Power & Light Co.\_\_\_\_\_Bonds (Bids 11:30 a.m. PDST) \$20,000,000

August 12 (Tuesday)

Montana Power Co.\_\_\_\_\_Bonds

August 20 (Wednesday)

Norfolk & Western Ry.\_\_\_\_Equip. Trust Ctfs.
(Bids to be invited) \$2,340,000

August 26 (Tuesday)

New England Telephone & Telegraph Co.\_\_Debens.
(Bids to be 'nvited' \$40,000,000

September 3 (Wednesday)

Budget Finance Plan\_\_\_\_\_Preferred (Shearson, Hammill & Co.) \$1,320,000

September 23 (Tuesday)

Southwestern Bell Telephone Co.\_\_\_\_Debentures
(Bids to be invited) \$110,000,000

\* Fargo-Moorhead Baseball Club, Fargo, N. D.

June 12 (letter of notification)) \$50,000 of 3% debenture bonds to be offered in denominations of \$100. Price—At par. Proceeds—To retire outstanding obligations and for current and future operating expenses. Underwriter—

Federal Commercial Corp.

May 21 (letter of notification) 300,000 shares of common stock (par 10 cents). Price—50 cents per share. Proceeds—To make loans, etc. Office — 80 Wall St., New York, N. Y. Underwriter—Dumont Securities Corp., New York, N. Y.

York, N. Y.

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.

• Flexible Tubing Corp., Guilford, Conn.
June 9 (letter of notification) 61,879 shares of common stock (par \$1) to be offered to holders of common stock purchase warrants due April 1, 1964. Price—\$5.45 per share if warrants are exercised prior to April 1, 1960. Proceeds — For working capital. Underwriter — None.

Offering—Made on June 9.

Offering—Made on June 9.

Florida Power Corp. (7/1)
May 29 filed \$25,000,000 of first mortgage bonds due 1988. Proceeds—To pay off temporary bank loans of \$16,000,000 incurred to meet costs of the company's construction program and the balance will be applied to the 1958 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 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 1.

Fluorspar Corp. of America

Fluorspar Corp. of America

Dec. 26 filed 470,000 shares of common stock (par 28 cents). Price—\$3 per share. Proceeds—For exploration work and working capital. Office — Portland, Ore. Underwriter—To be named by amendment. Sol Goldberg is President.

Forest Laboratories, Inc.

March 26 filed 150,000 shares of capital stock (par 10 cents). Price—\$2.50 per share. Preceeds—For sales promotion of company's products, working capital, additional inventory and accounts receivable, for research and development and for other general corporate purposes. Office—Brooklyn, N. Y. Underwriters—Statement to be amended poses. Office—Ito be amended.

Fort Pierce Port & Terminal Co.

May 23 filed 2,138,500 shares of common stock (par \$1).

Price—To be supplied by amendment. Proceeds—To pay some \$174,000 of outstanding indebtedness and to complete phase one of the port development plan, at a cost of \$1,425,248, and the balance will be added to working capital. Office—Fort Pierce, Fla. Underwriter—Atwill & Co., Inc., of Miami Beach, Fla., on a best efforts hasis. efforts basis.

\*\*(The) Friars National Association, Inc.

June 19 (letter of notification) \$100,000 of 10-year 3% registered second mortgage bonds due July 1, 1967 to be offered in denominations of \$100. Proceeds—For construction of two-story wing and gymnasium and other improvements. Office—57 E. 55th St., New York, N. Y. Underwriter-None.

Underwriter—None.

General Antine & 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 Capital Corp.\*\*

June 16 (letter of notification) 60,000 shares of 7%
cumulative preferred stock. Price — At par (\$5 per
share). Proceeds—To finance new business of the company. Office—4309 N. W. 36th St., Miami Springs, Fla.
Underwriter—None.

Georgia Casualty & Surety Co., Atlanta, Ga.

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.

Glassheat Corp.

Feb. 12 (letter of notification) 150,000 shares of class A common stock (par 10 cents). Price—\$2 per share. Preceds—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.

Anthony Securities Corp.

\*\*A Graphic Controls Corp.

June 20 (letter of notification) 7,400 shares of class A stock (par \$5) to be offered to employees of the sub
Continued on page 40

Continued from page 39

Fridary corporations and others. Price—\$6.75 per share.

Proceeds—To be added to working capital. Office—189
Rensselaer St., Buffalc 10, N. Y. Underwriter—None.

Grand Union Co. (7/1)
June 12 filed 10,450,000 of subordinated debentures, due 1978, to be offered to common shareholders in the ratio of \$100 debentures for each 23 shares of stock held on July 1. Rights to expire on July 21. Debentures to be convertible into common stock until July 15, 1968. Proceeds—To be used in part to retire all outstanding short-term bank borrowings, including those incurred in connection with the recent acquisitions of the 41 "Empire Stores" and 7 "Mohican Stores," the aggregate purchase price being approximately \$8,000,000, to replenish cash Stores" and 7 "Mohican Stores," the aggregate purchase price being approximately \$8,000,000, to replenish cash expended in these acquisitions, and to pay the unpaid balance of the purchase price. The remainder will be added to the company's general funds and will be available for working capital and installation of fixtures for new stores. Underwriter — Morgan Stanley & Co. and W. E. Hutton & Co., both of New York.

Guaranty Trust Co. of N. Y.

June 16 filed 50,000 American Depositary Receipts for bearer shares of Compagnie D'Outremer Pour L'Industrie Et La Finance ("The Overseas Company for Industry and Finance"). A Belgian Investment Co.

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 captal and general corporate purposes. Underwriter—

None.

H. & B. American Machine Co., Inc.
May 9 filed \$1,024,944 of 5% collateral notes, due June 15, 1968 (subordinated) and 256,236 shares of common stock (par 10 cents) to be offered together with cash in exchange for the outstanding common stock (par \$20) of General Trading Co. on the basis of (a) three shares of American Machine common (b) \$12 principal amount of 5% notes, and (c) \$5 in cash, for each of the 85,412 outstanding shares of General Trading common stock. The offer is conditioned, among other things, upon its acceptance by holders of not less than 68,330 shares of the General Trading stock. Offer expires June 25. Office—Culver City, Calif. Dealer-Manager—Kalman & Co., Inc., St. Paul, and Minneapolis, Minn.

Hawkes Cage System. Inc., Rockville. Md.

Hawkes Cage System, Inc., Rockville, Md. June 11 (letter of notification) 15,000 shares of class A common stock (par 10 cents). Price—\$1 per share. Proceeds—For inventory and working capital. Underwriter -None.

Hoagland & Dodge Drilling Co., Inc.,
Tucson, Ariz.

June 12 filed 27,000 shares of capital stock. Price—\$10
per share. Proceeds—To be used in part for the exploration of mines and development and operation of
mines and in payment of indebtedness. Underwriter—
None

Houston Chemical Manufacturing Co. May 26 (letter of notification) 300,000 shares of common stock. Price—At par (\$1 per share). Proceeds—For supplies, advertising, furniture and working capital. Office—710 South Fourth St., Las Vegas, Nev. Underwriter

H.W.I. Building Corp., Ft. Wayne, Ind.

June 2 (letter of notification) \$180,000 principal amount
of 5% first mortgage bonds series C in units of \$500
each. Price—Par per unit. Proceeds—To be used to pay of constructing an addition to warehouse. Under-ter—None.

Idaho Mining & Milling, Inc.
May 19 (letter of notification) 15,000,000 shares of nonassessable common stock. Price—At par (two cents per
share). Proceeds — For mining and milling expenses.
Office—504 16th Ave., Lewiston, Idaho. Underwriter—

Industro Transistor Corp. (N. Y.)
Feb. 28 filed 150,000 shares of common stock (par 10 cents). Price—To be related to the market price. Proseeds—For working capital and to enlarge research and levelopment department. Underwriter—S. D. Fuller & Co., New York. Offering—Being held in abeyance.

Insured Accounts Fund, Inc., Boston, Mass.
May 12 filed 5,000 shares of common stock. Price—\$5,000
per share. Proceeds—For investment. Business—To invest primarily in share accounts insured by the Federal
Savings and Loan Insurance Corp., in savings and loan
associations throughout the country. Underwriter—None.
Ben H. Hazen is President.

International Opportunity Life Insurance Co.
June 2 filed 5,000,000 shares of common stock (par \$1).
Price—\$5 per share. Proceeds—For working capital and other corporate purposes. Office—Denver, Colo. Underwriter—Columbine Securities Corp., Denver, Colo.

Janaf, Inc., Washington, D. C.
July 30, 1957 filed \$10,000,000 of 5½-3% 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 ebenture 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 shapping center and other script line. onstruction of a shopping center and other capital im-movements: for retirement of present preferred shares; and for working caiptal, etc. Underwriter—None. Statement effective.

Jetronic Industries, Inc., Philadelphia, Pa.

May 27 filed 130,000 shares of common stock (par 10 cents). Price—\$3.75 per share. Proceeds—For research and development and for working capital. Underwriter—Mortimer B. Burnside & Co., Inc., New York, on a best efforts basis.

★ L & L Scrap Iron Corp.

June 13 (letter of notification) 300,000 shares of common stock. Price—At par. Proceeds—For working capital and other corporate purposes. Office—Chency Bldg., 139 N. Virginia St., Reno, Nev. Underwriter—None.

Laclede Gas Co. (7/7)
June 18 filed 320,000 shares of cumulative preferred stock, Series B (par \$25). Proceeds—To retire bank loans and for construction program. Price—To be supplied by amendment. Underwriters — Lehman Brothers, Merrill Lynch, Pierce, Fenner & Smith, both of New York, and Reinholdt & Gardner, St. Louis.

Laclede Gas Co. (7/8) June 18 filed \$10,000,000 of first mortgage bonds due 1983. Proceeds—To refund 478% first mortgage bonds due 1982. Underwriter—To be determined by competidue 1982. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.: The First Boston Corp.: Blyth & Co., Inc.: Lehman Brothers, Merrill Lynch, Pierce, Fenner & Smith and Reinholdt & Gardner (jointly); Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. Bids—Tentatively expected to be received up to 11 a.m. (EDT) on July 8.

Ladley (William H.)
May 22 (letter of notification) pre-incorporation subscription agreement to 24,000 shares of class B stock of Produce Marketers. Price — At par (\$2.50 per share).
Proceeds—For working capital. Office—Room 302, 611
South Carolina St., Los Angeles, Calif. Underwriter—

Lancaster Chemical Corp.

May 26 (letter of notification) 122,115 shares of common stock (par \$1) to be offered for subscription by common stock (par \$1) to be offered for subscription by common stockholders at the rate of one new share for each two shares held, with additional subscription privileges subject to allotment. Record date: June 9, 1958; rights expire July 11, 1958. Price — \$1.50 per share. Proceeds—To repay outstanding debts to purchase real property and for working capital. Office — Broad and 13th St., Carlstadt, N. J. Underwriter—None.

Lancer Industries, Inc.
May 26 (letter of notification) 75,000 shares of common May 26 (letter of notification) 13,000 shares of combinations stock (par 10 cents). Price—\$4 per share. Proceeds—For purchase of equipment, raw materials, inventories and supplies and for other working capital. Office—1827 N. E. 144th St., North Miami, Fla. Underwriter— None.

Laughlin Alloy Steel Co., Inc., Las Vegas, Nev Laughlin Alloy Steel Co., Inc., Las Vegas, Nev. June 13 filed \$500,000 of 6% convertible debentures due June 30, 1963 and 150,000 shares of common stock. These securities are to be offered in units, each consisting of \$100 of debentures and 30 common shares. Price—\$100 per unit. Proceeds—Together with the \$175,000 mortgage loan of the American Brake Shoe Co., will be used to meet expenditures in acquiring latter company's South San Francisco foundry and for working capital. Underwriter—Sam Watson Co., Inc., Little Rock, Ark.

• Lazard Fund, Inc., N. Y. (6/27)

June 18 by amendment increased from 2,500,000 shares to 6,000,000 number of shares of capital stock (par \$1). Price—\$15 per share. Proceeds—For investment. Underwriter—Lazard Freres & Co., New York.

derwriter—Lazard Freres & Co., New York.

Life Insurance Securities Corp.

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.

\*Longren Aircraft Co., Inc.
June 18 (letter of notification) 34,000 shares of common stock (par \$1). Price—From 80 cents to \$1.40 per share.

Proceeds—To go to selling stockholders. Office—24751 Crenshaw Blvd., Torrance, Calif. Underwriter—Daniel Reeves & Co., Beverly Hills, Calif.

Magna Investment & Development Corp.

Magna Investment & Development Corp. Magna Investment & Development Corp.

May 26 filed 56,000 shares of common stock and \$500,000 of 6% convertible debentures. Price—For debentures, at par (in \$1,000 units); and for common stock, \$4.50 per share. Proceeds—For contractual obligations, for working capital, and other general corporate purposes. Business — To engage primarily in the development and operation of various properties, including shopping centers. Office—Salt Lake City, Utah. Underwriter—J. A. Hogle & Co. Salt Lake, City, Utah. Underwriter to be Hogle & Co., Salt Lake City, Utah. Statement to be amended.

Martin Co., Baltimore, Md. (7/2) June 11 filed \$25,000,000 of sinking fund debentures, due July 1, 1978. Proceeds — Working capital and general corporate purposes. Price—To be supplied by amendment. Underwriter—Smith, Barney & Co., N. Y.

**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 None.

\* Mead Corp. (7/9)
June 19 filed \$25,000,000 of debentures due July 1, 1983.

Price—To be supplied by amendment. Proceeds — To retire \$16.820,000 principal amount of outstanding debt

of the corporation and a subsidiary and the balance will of the corporation and a substituty and the balance will be available for general corporate use including capital improvements. Underwriters — Drexel & Co., Philadelphia, Pa. and Harriman Ripley & Co. Inc., New York, Offering—Expected on July 9.

Mengel Co. June 11 (letter of notification) an undetermined number of shares of common stock not to exceed \$50,000 (par \$1) to be sold by Concura Foundation, Chicago, Ill. Price— At the market. Office—4 Ky. Underwriter—None. market. Office-4th & Colorado Sts., Louisville,

Metropolitan Hotel Corp., Portland, Ore.
May 27 filed \$3,000,000 of 4% 25-year sinking fund debentures due July 1, 1983. Price—At par. Proceeds—For construction program and working capital. Subscription Agent — The Hockenbury System, Inc., Portland,

Mid-America Minerals, Inc., Oklahoma City, Okla. June 3 filed \$199,000 of working interests in the Buffalo Prospect. Buffalo Prospect consists of all the rights of Mid-America under a certain farmout agreement between the company and Shell Oil Co. Agreement covers the oil and gas leasehold in a total of approximately 1,600 acres in Harding County, South Dakota.

★ Minnesota Tree Farms, Inc.
June 19 filed 600 undivided fractional fee interest, each June 19 filed 600 undivided fractional fee interest, each interest equivalent to one acre, in Minnesota real estate. Price—495 per fee interest or acre. Proceeds—For working capital. Office—309 Main Ave., Moorehead, Minn. Underwriter—None.

• Missiles-Jets & Automation Fund, Inc. (7/9) May 8 filed 500,000 shares of capital stock (par \$1). Price—\$10 per share. Proceeds—For investment. Under-writer—Ira Haupt & Co., New York.

Modern Community Developers, Inc., Princeton, N. J.
May 27 filed 15,000 shares of common stock. Price—
\$100 per share. Proceeds—For working capital and general corporate purposes. 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, 1957 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.

★ Mutual Income Foundation, Columbus, Ohio
June 16 filed (by amendment) an additional 425,000
shares of beneficial interest and \$2,000,000 of Monthly
Purchase Plan Certificates. Price—At market. Proceeds -For investment.

National Beryl & Mining Corp., Estes Park, Colo. May 16 (letter of notification) 2,916,000 shares of non-assessable common stock (par one cent). Price—10 cents per share. Proceeds—For mining expenses. Underwriter -Birkenmayer & Co., Denver, Colo.

National Educators Finance Corp. June 4 (letter of notification) 50,000 shares of common stock. Price—At/par (50 cents per share). Proceeds—To train and procure persons to implement and carry out the projected plan of development and operation. Office—1406 Pearl St., Boulder, Colo. Underwriter—Western Securities Co., Boulder, Colo.

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—To be made in July.

★ National Securities & Research Corp.

June 18 filed (by amendment) an additional 8,000,000 shares in the company's National Securities Series. Price.

—At market. Proceeds—For investment.

Nedow Oil Tool Co. May 5 (letter of notification) 150,000 shares of common stock (par one cent). Price—\$2 per share. Proceeds—To pay loan; to acquire fishing tools for leasing; and for working capital. Office—931 San Jacinto Bldg., Houston, Tex. Underwriter—T. J. Campbell Investment Co., Inc., Houston, Tex.

New England Telephone & Telegraph Co.
May 16 filed 735,245 shares of common stock to be of-May 16 filed 735,245 shares of common stock to be offered for subscription by stockholders of record June 11 on the basis of one new share for each five shares held; rights to expire on July 11. American Telephone & Telegraph Co. owns about 2,547,411 shares (about 69.29%) of the outstanding stock. Price—At par (\$100 per share). Proceeds—To repay advances from parent and for corporate purposes. Underwriter—None.

New York Telephone Co. (7/9)
June 17 filed amended statement covering \$65,000,000
Series K refunding mortgage bonds due July 1, 1993.
Proceeds—To repay bank loans. Underwriter — To be determined by competitive bidding. Probable bidders:
Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. Bids—
To be received until 11 a.m. (EDT) on July 9 at 140 West
Street N. V. Street, N. Y.

Nichols, Inc., Exeter, N. H. May 13 (letter of notification) 11,111 shares of common stock (no par). Price—\$27 per share. Proceeds—For expansion and working capital. Underwriter—None.

★ North Carolina Telephone Co.
June 19 (letter of notification) 207,143 shares of common stock to be offered to common stockholders at the ratio

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of one share for each six shares held. Price-At par (\$1 per share). Proceeds—To pay off obligations and for telephone plant construction. Underwriter—None.

Northern Indiana Public Service Co.
June 2 filed 374,500 of common stock to be offered for subscription by common stockholders of record at 2 p.m. on June 16, 1958, at the rate of one additional share for each 10 shares then held. Offer expires July 7. Price— \$40.50 per share. Proceeds — For working capital and other corporate purposes. Underwriter—Dean Witter & Co., Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith, all of New York.

Northern States Power Co. (Minn.) (7/8)

May 29 filed \$30,000,000 of first mortgage bonds due July 1, 1988. Proceeds — To refund \$18,000,000 of 5% bonds and for construction program. Underwriter—To be deterand 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.

• Northwestern Public Service Co. (7/9) June 6 filed 59,532 shares of common stock (par \$3) to be offered for subscription by common stockholders at the rate of one new share for each 10 shares held. Record The rate of one new share for each 10 shares held. Record Date—July 8, 1958; rights expire July 24, 1958. Price—To be supplied by amendment. Proceeds—To be applied to the payment of \$900,000 of short term bank notes, the funds from which were used for the 1957 construction program, and the balance if any, will be applied to the company's 1958 construction program. Underwriter—A. C. Allyn & Co., Chicago, Ill.

A. C. Allyn & Co., Chicago, III.

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 1½ 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. Underworking capital and other corporate purposes. Underworking capital and other corporate purposes. 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.

Orange & Rockland Utilities, Inc. (6/30)

May 29 filed \$10,000,000 of first mortgage bonds, series F due 1988. Proceeds — For construction program and bank loans incurred in connection with the company's bank loans incurred in connection with the company's construction program and the retirement of preferred stock of The Orange and Rockland Electric Co. (a predecessor) also to purchase 20,000 shares of Rockland Electric Co., a subsidiary. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; W. C. Langley & Co.; Equitable Securities Corp. Bids—To be received up to 11 a.m. (EDT) on June 30.

O. T. C. Enterprises Inc. arch 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.

★ Otter Tail Power Co. (7/23)
June 20 filed \$9,000,000 of first mortgage bonds due 1988. **Proceeds**—For the purpose of retiring existing bank loans and to supply cash for further construction expenditures. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kalman & Co., Inc.; Glore, Forgan & Co.; and Blyth & Co., Inc. Bids—Expected to be received on July 23.

• Pacific Gas & Electric Co. (6/23)

May 27 filed \$53,781 shares of common stock (par \$25) to be offered for subscription by common stockholders of record June 17, 1958 at the rate of one new share for each 20 shares then held; rights to expire on July 8, 1958. Price—\$52 per share. Proceeds — To repay bank loans and for construction program. Underwriter — Blyth & Co., Inc., San Francisco, Calif., and New York, N. Y.

O. Palestine Economics 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) capitalappreciation 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. terested in, or for other corporate purposes. Underwriter -None. Statement effective.

Paxton (Frank) Lumber Co. ay 26 (letter of notification) 15,000 shares of common stock (par \$5) to be offered to employees. Price—\$12.80 per share. Proceeds—To redeem common stock. Office 6311 St. John Ave., Kansas City, Mo. Underwriter None.

Peckman Plan Fund, Inc., Pasadena, Calif.
May 19 filed 20,000 shares of common stock (par \$1).

Price—At market. Proceeds—For investment. Under-writer—Investors Investments Corp., Pasadena, Calif.

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 tay claims and interest and to pay back tay claims and interest. notes and interest and to pay back tax claims, and inter est due on the note to Mr. Harroun. Underwriter & Co., Dallas, Texas.

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 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.

★ Pioneer Finance Co.

June 17 (letter of notification) 32,500 shares of common stock (par \$1). Price—\$8 per share. Proceeds—To go to selling stockholders. Office—1400 National Bank Bldg., Detroit 26, Mich. Underwriter-Watling, Lerchen & Co., Detroit, Mich.

Potomac Plastic Co. (7/1)

Potomac Plastic Co. (7/1)
March 31 (letter of notification) \$57,500 of 6% subordinated convertible debentures and \$7,500 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.

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. Canada.

Printing Machinery Co.

June 4 (letter of notification) 20,000 shares of common stock. Price—At par (\$10 per share). Proceeds—For the purchase of the manufacturing assets of another company. Office—436 Commercial Square, Cincinnati, Ohio. Underwriter-None.

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 East and Africa. Underwriter—None. in the Far East, Near

Rand Drilling Co., Inc.
May 12 (letter of notification) 100,000 shares of class A common stock (par 50 cents) and 50,000 shares of class B common stock (par 50 cents) to be offered in units of two shares of class A and one share of class B stock. Price—\$4.50 per unit. Proceeds—For expenses incidental to drilling for oil. Office—111½ E. St. Peter St., New Iberia, La. Underwriter — T. J. Feibleman & Co., New Orleans Le.

Rapid-American Corp., New York
June 19 filed \$1,504,000 of 7% sinking fund debentures,
due Nov. 15, 1967, together with 105,000 shares of common stock (par \$1). Proceeds—The debentures are almon stock (par \$1). Proceeds—The depentures are arready outstanding having been issued in payment of 47,000 shares of common stock of Butler Brothers which were acquired by Rapid American from 19 persons, including three directors of the corporation. The debentures are being registered against the possibility that they may be sold by present owners. Of the 105,000 the company's they may be sold by present owners. Of the 105,000 common shares, 75,000 are issuable under the company's Restricted Stock Option Plan for officers and key employees, and 30,000 under the Employees' Stock Purchase Plan. Underwriter—None.

Richfield Oil Corp., Los Angeles, Calif.

June 23 filed 200,000 shares of common stock (no par) to be offered to officers and key employees (including directors who are also salaried officers) under the company's Restricted Stock Option Plan.

Riddle Airlines, Inc., Miami, Fla.

May 15 filed 750,000 shares of common stock (par 10 cents). Price—To be supplied by amendment. Proceeds—For working capital. Underwriter—James H. Price & Co., Inc., of Coral Gables, Fla., for 250,000 shares; balance on "best efforts" basis.

Robosonic National Industries Corp., N. Y June 12 filed 500,000 shares of common stock, class B. Price—\$3 per share. Proceeds—To manufacture on a contract basis an automatic telephone answering instru-ment; the enlargement of the research and development facilities of the company; patent and patent applications; public relations, and for working capital. Underwriter—None.

Rockcote Paint Co.

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

Rocky Mountain Quarter Racing Association
Oct. 31, 1957 (letter of notification) 300,000 shares of common stock. Price—At par (\$1 per share). Proceeds
—To repay outstanding indebtedness. Office—Littleton,
Colo. Underwriter—R. B. Ford Co., Windover Road, Memphis, Tenn.

Salem-Brosius, Inc., Pittsburgh, Pa. (7/1)
June 10 filed \$2,000,000 of convertible subordinated debentures, due July 1, 1973, and 112,500 shares of common stock (par \$2.50). Price—To be supplied by amendment.
Proceeds—To be used in connection with the proposed acquisition of Alloy Manufacturing Co., Inc., and to retire indebtedness and working capital. Underwriter—Blair & Co., Inc., New York:

San Diego Imperial Corp., San Diego, Calif.

June 2 filed 70,000 shares of 5½% cumulative convertible preferred stock. Price — At par (\$10 per share). Proceeds—To retire \$550,000 of promissory notes. Underwriter—J. A. Hogle & Co., Salt Lake City, Utah.

Southeastern Mines, Inc.
May 28 (letter of notification) 3,000,000 shares of common stock. Price—At par (10 cents per share). Proceeds—For mining expenses. Address—P. O. Box 3034, North Johnson City, Tenn. Underwriter—None.

Southern Frontier Finance Co.

May 15 filed 2,000,000 shares of common stock (par 56 cents). Price—\$1 per share, Proceeds—\$1,525,000 for purchase of receivables secured by Mobile Homes, or other collateral; and \$275,000 for working capital, reserve, etc. Office—Raleigh, N. C. Underwriter—None.

serve, etc. Office—Raleigh, N. C. Underwriter—None.

• Southern Natural Gas Co. (7/10)

June 12 filed \$30,000,000 of sinking fund debentures, due
July 1, 1978. Proceeds—To be added to the company's
general funds and will be available for its construction
program and reduction of outstanding loans under a revolving credit agreement providing for a maximum
of \$25,000,000 at any one time outstanding. 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). Bids—To be received until 10:30 a.m. (EDT) on
July 10, in Room 1130, 90 Broad St., New York, N. Y.

• Standard Oil Co. (Calif.)

July 10, in Room 1130, 90 Broad St., New York, N. Y.

Standard Oil Co. (Calif.)

June 4 filed \$150,000,000 of sinking fund debentures due
July 1, 1983. Price—To be supplied by amendment. 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 oYrk, N. Y. Offering—Postponed from June 25 by
the company "due to market conditions." Issue to remain in registration.

Standard Oil Co. (New Jersey)

Standard Oil Co. (New Jersey)
May 5 filed 2,246,091 shares of capital stock (par \$7)
being 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
will expire on July 1, 1958. Statement effective May 23.
Underwriters—Morgan Stanley & Co. in United States;
and Harris & Partners, Ltd. in Canada.

Standard Packaging Corp., New York

June 4 filed 225,385 shares of the company's common stock (par \$1), such shares are to be issued to Johnston Foil Manufacturing Co., a New Jersey corporation, under an agreement pursuant to which Standard acquired subtantially all of the assets of Johnston.

tantially all of the assets of Johnston.

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.

\*\*X Sugarbush Villey Corp., Warren, Vt.

June 25 filed \$392,800 of 20-year 6% subordinated debentures and 12.766 shares of common stock to be offered in units consisting of \$800 principal amount of debentures and 26 shares of stock. Price — \$1,200 per unit. Proceeds—For payment of short-term bank loan and working capital. Underwriter—None.

Sun Oil Inc., Philadelphia, Pa.

Sun Oil Inc., Philadelphia, Pa.

pril 22 filed 15,000 memberships in the Stock Purchase 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, 1953, with respect to the 1958 plan. Registration also covers 243,283 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.

Sunday River Skiway Corp., Bethel, Me.
June 5 (letter of notification) 14,357 shares of common stock. Price — At par (\$10 per share). Proceeds — For working capital. Underwriter-None.

Surety Oil Co.

May 28 (letter of notification) 1,200,000 shares of common stock. Price—At par (25 cents per share). Proceeds mon stock. **Price**—At par (25 cents per share). **Proceeds**—For development of oil and gas properties. **Office**—230
North University Ave., Provo, Utah. **Underwriter**—None.

Systron Corp., Concord, Calif.

June 10 (letter of notification) 24,475 shares of capital stock (par \$5) to be offered to stockholders on the basis of one share for each share held on June 10, 1953. Price—\$12.25 per share. Proceeds—For working capital. Underwriter—None, Tampa Electric Co. (7/17)
June 13 filed \$25,000,000 first mortgage bonds due 1988.

Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co.; Merrill Lynch, Pierce,

Continued on page 42

Continued from page 41

Fenner & Smith; Goldman, Sachs & Co. Bids — To be received at 90 Broad St., New York, up to 11 a.m. (DST) on July 17, 1958.

Tax Exempt Bond Fund, Inc., Washington, D. C. June 20, 1957 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 Congress.

★ Television Electronics Fund, Inc., Chicago, III. June 24 filed (by amendment) an additional 5,000,000 shares of common stock (par \$1). Price — At market. Proceeds—For investment.

• Tennessee Gas Transmission Co. (7/24)
June 2 filed 1,084,054 shares of common stock (par \$5)
to be offered in exchange for common stock of Middle
States Petroleum Corp. at the rate of 45 shares of Tennessee Gas common for each 100 shares of Middle States nessee Gas common for each 100 shares of middle States common; it is a condition of the exchange offer that it be accepted by holders of not less than two-thirds (1,-606,005 shares) of the outstanding 2,409,007 Middle States common. Offer expires July 24. Underwriter — Dillon, Read & Co., Inc., New York.

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. Canada only.

\* Textron Inc. (7/20) June 20 filed 389,577 sh June 20 filed 389,577 shares of common stock (par 50 cents), to be offered for subscription by holders of outstanding common of record on July 14, 1958, at the rate of one new share for each 10 shares then held. Rights expire July 30, 1958. Price—To be supplied by amendment. Proceeds—To reduce short-term bank borrowings becaused in first parties by Taytras on June ment. Proceeds—To reduce short-term bank borrowings incurred in financing the acquisition by Textron on June 28, 1958, of the assets, properties and business of The Waterbury Farrel Foundry & Machine Co. Underwriter—Blair & Co., Inc., New York, and Scherck, Richter Co., St. Louis, Mo.

Thomas Paint Products Co.

May 26 (letter of notification) 1,250 shares of common stock (par \$10) and \$37,500 of 6% serial subordinated debentures series 1958, to be offered in units of one share of stock and \$50 principal amount of debentures to be offered to stockholders on the basis of one unit for each two shares of stock owned (500 of the shares are being offered to the President of the company). Price—\$60 per unit. Proceeds—For working capital. Office—543 Whitehall St., S. W., Atlanta, Ga. Underwriter—None.

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.

Townsend International Growth Fund. Inc. May 14 filed 1,000,000 shares of capital stock (par one cent). Price—At market. Proceeds — For investment. Office—Short Hills, N. J. Underwriter—FIF Management Corp., Denver, Colo.

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. Under-

Tuttle Engineering, Inc.

May 7 (letter of notification) 58,600 shares of common stock (par 10 cents) and \$293,000 of 6% five-year convertible debentures due June 1, 1963 to be offered in units of 100 shares of common stock and \$500 of debendures. Price—\$510 per unit. Proceeds—To pay bank and other notes payable and for working capital. Office—4251 East Live Oak Avenue, Arcadia, Calif. Underwriter—White & Co., St. Louis, Mo.

\* Twentieth Century Investors, Inc., Kansas City,

June 20 filed 2 000,000 shares of common stock (par \$1). Price—At mal.e\*. Proceeds—For investment. Under-writer—Stowers & Co., Kansas City, Mo.

\* Twentieth Century Investors Plan, Kansas City,

June 20 filed \$10,000,000 of plans for the accumulation of shares of Twentieth Century Investors, Inc. Price—At market. Proceeds — For investment. Underwriter— Stowers & Co., Kansas City, Mo.

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 States Steel Corp. (7/16)
June 25 filed \$300,000,000 sinking fund debentures due
1983. Proceeds—To restore in part working capital expended in corporation's expansion and modernization program and for corporate purposes, including future outlays for property additions or replacements. Price—To be supplied by amendment. Underwriter—Morgan Stanley & Co., New York.

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; to working capital; and for other exploration and development work. Office—Houston, Texas. Underwriter—None

United States Telemail Service, Inc.

The States leiemail 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.

United Wholesale Druggists, Inc.
May 27 (letter of notification) 5,000 shares of preferred stock. Price—At par (\$25 per share). Proceeds—To purchase merchandise. Office—1120 Oakleigh Drive, Eastpoint, Ga. Underwriter—None.

Universal Oil Recovery Corp., Chicago, III.
June 4 filed 37,500 shares of class A common stock. Price
—\$4 per share. Proceeds—For exploration and development of properties, and the balance for other corporate
purposes. Underwriter—None.

Uranium Corp. of America. Portland, Ore.
April 30, 1957 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.

Utah Oil Co. of New York, Inc.
May 6 (letter of notification) 300,000 shares of capital stock. Price — At par (\$1 per share). Proceeds — For development of oil and gas lands. Office—574 Jefferson Ave., Rochester 11, N. Y. Underwriter—Frank P. Hunt & Co., Inc., Rochester, N. Y.

★ W. J. Management Co. June 13 (letter of notification) 10,000 shares of common stock (par \$10) to be offered to certain employees of Wilson-Jones Co. and its subsidiaries. Price—\$18.50 per share. Proceeds—To reduce outstanding loans and the purchase of common stock of Wilson-Jones Co. Office—209 South Jefferson St., Chicago 6, Ill. Underwriter—

Walnut Grove Products Co., Inc.

Walnut Grove Products Co., Inc.
May 26 filed \$500,000 of 6% sinking fund debentures, series A, due 1968. Price — 100% of principal amount.
Proceeds—For expansion program and working capital.
Business—The formulation, manufacture and sale of a complete line of livestock feed supplements minerals and pre-mixes. Underwriter — The First Trust Co. of Lincoln, Neb.

\* Washington Gas Light Co.
June 25 filed 60,000 shares of serial cumulative preferred stock (no par). Price—To be supplied by amendment.
Proceeds—To be added to the company's general funds to be available for the current construction program, which is expected to cost about \$11,250,000 during 1958.

Underriters—First Boston Corp., New York, and Johnston, Lemon & Co., Washington, D. C.

\* Washington Investment Co., Tacoma, Wash.
June 23 filed (by amendment) an additional 180,000
shares of common stock (par \$1). Price—At market.
Proceeds—For investment.

Western Carolina Telephone Co., Weaverville, N. Car.

June 6 filed 89,391 shares of common stock to be of-fered for subscription by holders of outstanding com-mon stock at the rate of one new share for each three shares held. The record date is to be supplied by amendment. Price—At par (\$5 per share). Proceeds—To be applied to the payment of \$700,000 of short-term bank loans incurred in carrying forward the company's construction and conversion program. Underwriter—None.

Western Pacific Mining Co., Inc. May 26 filed 564,000 shares of common stock. Price—At par (\$1 per share). Proceeds—For capital expenditures and exploration costs. Office—Santa Paula, Calif. Un-

Westland Oil Co., Minot, N. Dak. April 17 filed 7,799 shares of capital stock to be offered 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

\*White Caps Gold Mining Co.
June 16 (letter of notification) exchange of 1,100,510
shares of company's stock (par 10 cents) for a like number of shares of stock of International Copper & Cobalt
Mines, Ltd. on a share-for-share basis. Office—Suite
317, Clay Peters Bldg., 140 North Virginia St., Reno,
Nev. 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.

Winter Park Telephone Co.

May 19 (letter of notification) a maximum of 6,619 shares of common stock (par \$10) to be offered to employees under the company's Employees' Stock Plan, Proceeds—For extensions, additions and improvements of telephone plant and for working capital. Office—132 East New England Ave., Winter Park, Fla. Underwriter

# **Prospective Offerings**

March 21 it was announced that the company plans addi-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.

Alco Products Inc.

March 6 it was announced that the company is consider-ing plans for long-term refinancing. Proceeds—For payment of all notes payable and provide the company with additional working capital.

American-South African Investment Co.

June 13 filed for permission to become registered as an investment company of the closed-end type under the Investment Company Act of 1940. Business—The trust, incorporated under the laws of the Union of Africa, has been organized to provide a medium for investment in the common shares of companies engaged in business in South Africa, with particular emphasis on those engaged in mining gold. The trust may also invest to a certain extent in gold bullion. Underwriter—Dillon, Read & Co. Inc., New York.

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

★ B.S.F. Co., Birdsboro, Pa.

June 23 it was reported the company plans to issue \$1,500,000 of 10-year subordinated depentures, with detachable warrants to subscribe to capital stock for a 10-year
period at not less than \$11 per share. Each \$1,000 debenture to carry warrants to subscribe for 100 shares of capital stock.

★ C.G.S. Laboratories

June 23 it was reported the company plans the issuance of 60,000 shares of common stock. Proceeds—Working capital. Business—Electronics. Office—391 Ludlow St., Stamford, Conn. Underwriter—Hayden, Stone & Co.,

Stamford, Conn. Underwriter—Hayden, Stone & Co., New York. Registration—Expected about July 9.

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).

• California Water & Telephone Co.
The company has applied to the California Public Utility The company has applied to the California Public Utility Commission for permission to sell an issue of 200,000 of \$1.24 dividend convertible preferred stock (par \$25). Convertible into common stock at \$23.8095 until Aug. 1, 1963, and at \$25 a share thereafter. Proceeds—Will be used to reimburse the company treasury for expenses in connection with construction, extension and improvement of facilities. Underwriter—Blyth & Co., Inc., New York and Son Exhaustical States. York and San Francisco.

Central Louisiana Electric Co., Inc.

March 28 it was amounced 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.

• Chicago, Burlington & Quincy RR. (7/1)
Company plans to issue and sell on July 1 \$6,150,000 of equipment trust certificates due in 30 semi-annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

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.

Consolidated Natural Gas Co.

25 it was announced company plans to issue and Underwritsell \$45,000,000 of sinking fund debentures. sell \$45,000,000 of sinking fund decentures. 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 July.

Consumers Power Co. Feb. 21 Dan E. Karn, President, announced that \$100,rep. 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 45% convertible debentures, offered to stockholders, was underwritten in October, 1957, by Mor gan Stanley & Co.

Dixon Chemical Industries, Inc.

March 10 it was reported company plans to do some fundancing, the type of securities to be announced later Proceeds—For expansion. Underwriter—Harriman Rip ley & Co. Inc., New York

★ El Paso Electric Co.

Company on June. 24 casked Federal Power Commission for authority to sell \$6,500,000 of 30-year first mortgage bonds and \$3,000,000 of 20-year debentures. Proceeds—Refunding and for new construction. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White, Weld & Co. and Shields & Co. (jointly); Equitable Securities Corp. and R. W. Pressprich & Co. (jointly). (jointly).

Equitable Gas Co.

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.

Gas Service Co.

March 24 it was reported that company plans to issue \$11,000,000 of first mortgage bonds later this year. No de-\$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 Bostor Corp.; Lehman Brothers.

General Public Utilities Corp.

April 7 stockholders approved a plan authorizing the directors in connection with an offering of common stock to stockholders, also to offer certain shares on the same terms to employees, including officers, of System companies. Clearing Agent—Merrill Lynch, Pierce, Fenner & Smith, New York.

Grace Line Inc.

March 26 if was announced by Lewis A. Lapham, Presi-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) 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.

Houston Corp.

June 2 company announced that it plans to register common stock and debentures to be issued in connection with acquisition of the Coastal Transmission Corp. Underwriters—Blyth & Co., Inc., Lehman Brothers; Allen & Co., and Scharff & Jones, Inc. Registration—Expected July 2.

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.

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. Prosen \$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.

June 16 company stated it will sell bonds and/or common stock in the last quarter of 1958. Underwriters—Blyth & Co., Inc. and J. J. B. Hilliard & Son.

MacMillan & Bloedel, Ltd.

Stockholders will vote at a special meeting June 17 on a proposed issue of \$32,500,000 of sinking fund debentures of which \$10,000,000 would be sold in the United States, bearing 4% interest and due in 20 years.

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.

Montana-Dakota Utilities Co.

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.

Montana Power Co. (8/12)

May 12 it was reported that the company plans to issue and sell \$20,000,000 of first mortgage bonds due 1988. Proceeds — For exploration and construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Kidder Peabody & Co., Smith, Barney & Co. and Blyth & Co., Inc. (jointly). Bids—Expected to be received on Aug. 12. Inc. (jointly). Bids—Expected to be received on Aug. 12.

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. Brasil and S. S. Argentina. Underwriters—Kuhn, Loeb & Co. and Lehman Brothers, both of New York. Offering—Expected this Summer.

National Gypsum Co.

Company plans to register additional common stock in connection with proposed acquisition of American Encaustic Tiling Co. Subject to approval by stockholders of latter company, offer calls for exchange of 1 share of National common for 2.4 shares of American Encaustic common.

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** Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. Bids — Expected to be received on

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.

• Norfolk & Western Ry. (8/20)
Bids are expected to be received by the company on
July 16 for the purchase from it of \$2,340,000 of series
Dequipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Northern Illinois Gas Co.

June 10 it was announced company will sell this September \$20,000,000 mortgage bonds providing new gas supply from Northern Natural Gas Co. is approved by supply from Northern Natural Gas Co. is approved by Federal Power Commission. In event this project has to be deferred, company will likely issue \$10,000,000 bonds later in the year. Company's 5-year construction program calls for \$90,000,000 outlay. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Glore, Forgan & Co.; Blyth & Co., Inc.

Pacific Gas & Electric Co.

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 Lighting Corp. (7/16)
June 20 Board of Directors authorized the sale of 980,-June 20 Board of Directors authorized the sale of sow,—000 shares of common stock. Price—To be supplied by amendment. Proceeds — For new facilities and equipment. Underwriter—Blyth & Co., Inc., San Francisco and New York. Offering—Expected about July 16.

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.

Public Service Electric & Gas Co. (8/20)

Public Service Electric & Gas Co. (8/2U)
May 26 it was announced that the company plans early registration of \$60,000,000 of first refunding mortgage bonds due 1988. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Lehman Brothers (jointly). Bids—Expected to be received up to 11 a.m. (EDT) on Aug. 20.

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 voted on authorizing an increase in bonded indebtedness of \$6,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 California Edison Co.

June 16 it was reported that the company contemplates the sale of about \$50,000,000 of bonds in the latter part of this year. Proceeds—For construction program. Underwriter — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; First Boston Corp., and Dean Witter & Co. (joint-lay). Blyth & Co. Inc. ly); Blyth & Co., Inc.

Southern Colorado Power Co.

May 9 stockholders authorized an additional 100,000 shares of preferred stock (par \$50). Underwriters—Stone & Webster Securities Corp. and Paine, Webber, Jackson & Curtis.

Southern Railway Co.

March 20 it was reported that the compary plans to issue about \$20,000,000 of bonds. Underwriter To be deter-Stuart & Co. Inc.; Kidder Peabody & Co., Inc.; Halsey. Stuart & Co. Inc.; Kidder Peabody & Co., Inc.; Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly).

Southwestern Bell Telephone Co. (9/23)

The company has asked the Public Service Commission of Missouri for the right to issue \$110,000,000 of debentures. Proceeds—To refund outstanding issue. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. Offering — It is believed that the issue will be marketed in late Sentember. marketed in late September.

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 Artists Corp.

June 5 it was announced that the company is planning a public offering of additional securities before the middle of July. Underwriter — F. Eberstadt & Co., New York. Registration—Expected to be filed shortly.

Utah Power & Light Co. (8/11)

June 16 it was reported the company plans the sale of \$20,000,000 first mortgage bonds. Proceeds — To refund the 5<sup>14</sup>% first mortgage bonds due 1987, and the balance added to working capital to carry out the company's construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.: First Boston Corp. and Blyth & Co., Inc. (jointly); White, Weld & Co. and Stone & Webster, Securities Corp. (jointly); Salomon Brothers & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co., and Smith, Barney & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). Bids—Expected to be received up to 11:30 a.m. (PDST) on Aug. 11.

Washington Water Power Co. (7/23)

Washington Water Power Co. (7/23)

June 16 President Kinsey M. Robinson announced plans for the sale, before end of July, of 200,000 shares of common stock and \$15,000,000 first mortgage bonds. Price—To be supplied by amendment. Proceeds—For working capital. Underwriters—Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co., and Laurence M. Marks & Co.

Wisconsin Power & Light Co.

March 17 it was announced that company plans to issue and sell \$10,000,000 of first mortgage bonds. Proceeds 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.

# Bob Troester Is **Proud Father of** Twin Daughters

Robert Troester, Assistant Manager of the Sales Promotion Department of Calvin Bullock & Co., New York City, became the proud father of twin daughters on Tues-day, June 24. The mother, herself a twin daughter, and the twin offspring, are convalescing at the Jersey City Medical Center.

Robert is the son of George Troester, Manager of the Quota-tion Department of The Commercial and Financial Chronicle.

## May Sales of Group Securities Up 264%

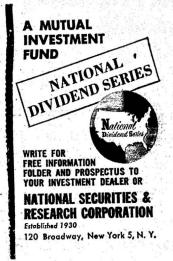
Investor purchases of Group Securities, Inc., continued to show Securities, Inc., continued to show wide gains over last year in the month of May. Sales for the month totaled \$3,801,159, up 264% from the \$1,045,100 for May 1957; according to John L. Ahbe, Vice-President and Director of Sales for the Fund's national sponsor, Distributors Group, Inc. Sales for the first five months of 1958 totaled \$15,799,612, compared with \$5,407,596 for the same period last year.

Mr Abbe further noted that sales of The Common Stock Fund continued to account for a substantial proportion of total volume at better than 45%.

#### With Sutro Bros.

(Special to THE FINANCIAL CHRONICLE)

KEY WEST, Fla.—Rita M.
Dobbs has been added to the staff
of Sutro Bros. & Co., La Concha





Prospectuses available from your Investment Dealer or EATON & HOWARD, Incorporated

# Mutual Funds

By ROBERT R. RICH 5

## Fund Industry Is Readying Its Tax-Exempt Bond Funds

After more than a year of preparation and working with gress, the Internal Revenue Service and other government areas, it now seems probable that the mutual fund industry will get the green light within the next month to offer investors shares in mutual funds which will invest at least 19% of their assets in state and local government bonds, whose interest payments are free from Federal income taxes.

Last Thursday, the Senete Finance Committee reported out the bulky H. R. 3381 tax bill—the so-called unintended benefits and hardship bill—which had passed the House of Representatives carlier in the session.

The Senate Committee had tacked onto the bill two provisions relating to investment companies. The first would allow mutual funds which invest in tax-exempt bonds to pass through to their shareholders the tax-free nature of the interest payments the funds receive from their underlying holdings of tax-exempt bonds.

The second provision would let regulated investment companies which invest in rental properties escape paying corporation taxes on earnings distributed to stockholders, a matter which now applies chiefly to investment companies holding stocks and bonds.

The Senate is expected to take up the bill in two or three weeks. It will take about that long for committee aids to work out the final language of the bill and write a detailed report on it.

At least three—and possibly four or five—mutual fund groups readying their offerings of tax-exempt bond funds shares to investors.

Vance, Sanders & Co. of Boston will offer through their dealer group shares in the Bond Fund of Boston, which will be converted into a tax-exempt bond fund. For an offering period of about 45 days, Vance, Sanders will allow to dealers the full sales charge of 4.15%. Operating expenses for this fund, including the management fee, is not expected to exceed \(^3\)% of 1%.

To preclude the possibility of having too many very large shareholders who, conceivably, could threaten the stability of the fund in that they might create serious liquidation problems if they redeemed their shares, the Vance, Sanders group is expected to limit initial orders to \$100,000.

A Lehman Brothers investment banking group is now readying an offering, on a firm commitment basis, of shares in a tax-exempt bond fund to be sponsored and managed by Keystone Custodian

And, shares in The Tax-Exempt Bond Fund—a sister fund to Atomic Development Mutual Fund—will be offered by an Equitable Securities Corp. group.

# American Business sary to keep our investments attuned to changing economic conditions." Shares Reports 12% Asset Value Gain

The semi-annual report of American Business Shares, Inc. (a Balanced Fund), for the six Balanced Fund), for the six months ended May 31, 1958 reveals an increase in asset value of 44c as hare; or 12%, during the period. On May 31, 1958, net assets of the company were \$27,364,243, or \$4.07 a share for each of the 6,731,176 shares outstanding. On Nov. 30, 1957 net assets were

\$25,646,831, or \$3.63 for each share.
The 12% increase, H. I. Prankard 2nd, President, points out, is substantially greater than the advance experienced by the stock market as measured by the well known indices. The gain resulted partially from the increase in market values of bonds and preferred stocks held and partially from those of common stocks. During the six months period there were no additions to invest-ment holdings. The following securities were eliminated by sale:

Bonds - C. I. T. Financial Bonds — C. I. T. Financial Corp. 3%/1970; Minnesota & An-tario Paper 3.30%/1975; N. Y. State Electric & Gas 3%/1985; Pacific Telephone & Telegraph 31/8/1939; Tennessee Gas Trans-mission 37/8/1976.

Stocks — Kaiser Aluminum & Chemical Corp. 43/4% pfd.; and N. Y. State Electric & Gas Corp.

Prankard, ments. We believe the stocks we attractive to us, we will add them to our holdings and we will make Mobile & Ohio, 5s, income debensuch other changes as seem necestures, series A, 2056.

Cash, bonds, preferred and guaranteed stocks accounted for 48.18% and common stocks for 51.82% of the holdings as of May 31, 1958. Income for the half-year was \$655,418. It consisted of \$442,876 in dividends and \$212,542 in in-

# Net Asset Gain by Lexington Trust

Lexington Trust Fund, in its semi-annual report, observes that the net asset value per share increased to \$10.68 on April 30, 1958 from \$9.88 on Oct. 31, 1957. In addition, the number of shares increased from 503,068 to 515,628.

The gain in net asset value is attributed to changes made in the fund's portfolio. The common stock segment was reduced to 65.53% of the total net assets from 70.37% on Oct. 31, 1957. In the same period, the fund's investment in cash, U. S. Government obligations, bonds and preferred stocks was increased from 29.63% to 34.47%.

to 34.47%.
Major eliminations from the portfolio include Illinois Power, C. I. T. Financial, U. S. Steel, Cleveland Electric Illuminating, Southern Co. and Gulf, Mobile & Ohio RR. (\$5.00 preferred).

Additions to the portfolio in common stocks include Carrier, Southern Ry. and Penn-Dixie "In the months ahead," says Mr. Cement. In bonds, the additions rankard, "we are hopeful that include General Motors Accept-Cement. In bonds, the additions we will be able to make some ance, debenture 4s, 1958, U. S. worthwhile shifts in our invest-Treasury Bonds, 21/2s 1969, Amerown will continue to perform relatively well while the current readjustment continues. And, as the prices of other stocks become the stocks we ican, Telephone & Telegraph, described the stocks we ican, Telephone & Telephone & Telegraph, described the stocks we ican, Telephone & Telephon ican, Telephone & Telegraph, deseries CC, 33/4s, 1978 and Gulf,

Annual Continues the

# Stein, Roe's New

Stein, Roe & Farnham, a Wall Street investment firm, will an-nounce next week that it is nounce next week that it is launching a new mutual fund to be offered to investors without a sales charge. Further details, it was learned, will be announced at a press conference on Monday.

## M. I. T. Growth **Fund Assets** At \$158 Million

Massachusetts Investors Growth Stock Fund for the three months ended May 31, 1953 reports total net assets of \$158,249,112, with 15,814,330 shares outstanding, owned by 62,611 shareholders. On Feb. 28, 1958, end of the previous quarter, total net assets were \$135,672,666 and there were 14,-\$133,612,000 and there were 14,996,469 shares outstanding, owned by 55,631 shareholders. Total net assets, the number of shares outstanding and shareholders on May 31 were at record highs.

The net asset value per share on May 31 was \$10.01 compared with \$9.05 per share on Feb. 28, 1953. During the quarter, purchases and sales of investment securities,

other than U. S. Government se-curities, toaled \$7,227,644 and \$3,-

115,326 respectively.
In the three months ended May 31, 1958, the fund made initial investments in Addressograph Multigraph Corp., Bell & Howell Company and Black & Decker Mfg. Co., while additional invest-ments were made in 11 other companies. The fund reduced or liq-uidated its holdings in seven companies.

Discussing the business machine industry in which the fund has investments totaling \$10,188,000, the report said that industry revenues have grown from about Discussing the business machine enues have grown from about \$600 million in 1946 to nearly \$2.5 billion in 1957. Revenues from computers in 1957 are estimated to have been more than \$300 mil-ion, and tentative potentials of 51 billion in 1960 and perhaps \$2 billion in 1965 for computers and related equipment and supplies are often mentioned as well within the realm of possibility, the report said.

## Managed Funds To Offer Monthly Dividends

A monthly income program enabling shareholders to receive dividend checks 12 times a year is announced by Managed Funds, Inc., a \$55 million mutual fund group distributed nationally from St. Louis, Mo.

The plan provides investors in certain combinations of at least three of Managed Funds' 11 share classes with an opportunity to re ceive income distributions on the tenth day of each month. Although no minimum investment is required for eligibility, participation is no guarantee of the extent of future dividends.

The program is made possible through a staggering of quarterly pay-outs of the fund's various classes so that one or more dis-tributions are scheduled for every

month of the year.

It differs from similar plans in that such plans generally arrange for monthly distributions by pay-ing out quarterly dividends in

three equal instalments.
Under the monthly income plan, an investor in Managed Funds' Paper, Metal and General Indus-tries Shares would receive his quarterly distributions as follows: Paper Shares — January, April, July, October; Metal Shares — February, May, August, November; General Industries Shares— March, June, September, Decem-

# Keystone Ser. B-2 **Fund Coming Soon Bond Fund Net** Asset Value Higher

According to the semi-annual report of Keystone Medium-Grade Bond Fund (series B-2), the net asset value rose to \$22.08 on April 30, 1958, from \$21.84 six months

The price improvement of B-2 since last October reflects the substantal drop in money rates that has taken place as evidenced by the decline in the Federal Reserve rediscount rate from 3½% to 1¾%. This factor, combined with the gradual reduction in reserve requirements for banks, reversed the downward trend in bond prices about the middle of last year. The percentage in-crease in the fund's price has fallen short of the increase for fallen short of the increase for the average bond in the B-2 class largely because of its position in some relatively higher yielding securities which are contributing importantly to income and have had a slower comeback in price. Investment portfolio changes from Nov. 1, 1957 to April 30, 1958 included the addition of Fairbanks, Morse & Co. converti-ble sinking fund debentures (sub-

ble sinking fund debentures (sub-ordinated) 5%s, 1972; and the elimination of Virginia & Southwestern Ry. Co. first cons. 5s, 1958. Purchases and sales of investment securities during the six months ended April 30, 1958 aggregated \$237,640 and \$800,250 respectively.

## Gain in Asset Value For Templeton And Liddell Fund

It was reported in the semiannual report of Templeton & Liddell Fund that net assets on April 30, 1958 were equal to \$56.58 per share of outstanding capital stock as against \$54.55 at the end of the preceding fiscal year.

The asset improvement represented a gain of 5.7% as compared to a rise of 3.4% in the Dow-Jones Industrial Average over the same length of time.

# Delaware Fund Likes Kroger Co.

Delaware Fund reports the completion of positions in Kroger completion of positions in Kroger Co. and American Cement, as well as the liquidation of a small residuary holding of Beneficial Finance and a block of Tung-Sol convertible preferred. The fund still owns the last company's common.

D. Moreau Barringer, Chairman of the mutual fund's board and partner of its investment manager, Delaware Company, commented in his latest semi-monthly Directors' letter that the highway program and the slight, but perpendentials in a program in the sight, but perpendentials in the semi-monthly program and the slight, but perpendentials in the semi-monthly program and the slight, but perpendentials in the semi-monthly in th ceptible increase in residential construction augur well for American Cement, a new combination of modern cement plants widely diversified geographically,

He also pointed out that while Kroger, the third largest grocery chain, is not on the bargain counter, its well-planned and aggressive expansion promises to push profits to a new high of over \$23 million — perhaps between \$5.75 and \$6 a share. If so, he wrote, its present price of 78, which is above the Fund's cost, is less than 14 times earnings and comparatively reasonable in today's market.

Mr. Barringer observed that the D-J Industrial Average—probably earning under \$30 an average share presently — is selling at nearly 16 times that estimate. Many Wall Streeters, he noted, regard this ratio as "too high." Yet, he went on, it unquestionably reflects the balance between a powerful demand for stocks and

1.3,20

a supply whose increase is being "Is Now a Good a supply whose increase is being "Is Now a Good sharply curtailed by industry's reduced expansion plans. Until that supply-demand relationship is altered by factors now absent "I'me to Invest?" or inoperative, he told directors, is no a prori reason why the market couldn't continue at the present price-earnings plateau as long as people feel earnings will rise to a more normal ratio

# FIF Inc. Assets And Shareholders **Reach New Highs**

Financial Industrial Fund, Inc. reports net assets of \$88.8 million at the end of the fiscal quarter, May 31, 1958, compared with \$76.7 million a year earlier.

Sales and purchases described in the fund's quarterly report re-flect the changes that have been flect the enanges that have been taking place in our economy dur-ing recent months. Specifically, FIF has sold those securities of companies whose future is becompanies whose future is be-lieved to be relatively uncertain, and has reinvested the proceeds these sales in companies which the fund's management believes are better able to adjust to current economic conditions.

A sizable percentage of securities sold during the quarter where of companies whose products are in the more cyclical capital goods areas, while a substantial part of the purchases were in electric utilities, natural gas, and drug securities. It is felt that these companies continue to give promise of future capital appreciation over the long term, as well as stability and probable growth of income in the interim.

The net asset value per FIF share at May 31, 1958, was 9.7% higher than at the beginning of the calendar year. Both the total net asset value and the number of fund shares outstanding were higher than at the close of any previous quarter in the fund's 22 year history.

In his letter to FIF shareholders, President C. F. Smith stated: "Time and again, perspective — both as to future economic growth of the nation and our individual financial progress protected the mature, thoughtful investor from allowing his emotions to obscure the opportunities provided during periods of eco-nomic adjustment which have occurred as a natural, temporary, and recurrent condition in our dynamic and productive free enterprise economy. Perspective in understanding these periods as temporary and opportune is important."

## Oils Are Tops For Funds in 9 of 10 Years

Mutual funds in the past decade have favored common stocks of oil, public utility and financial companies, a survey by the National Association of Investment Companies showed.

Common stock holdings of the oil industry were the largest at the end of each year except 1953 when utilities were first, the survey of 20 mutual fund portfolios showed.

Utility holdings were second in size at the end of 1957 and for eight of the 10 subsequent years. Holdings of financial institutions like banks, insurance companies tail prical and lending companies were in index I third place during five of the 10 further. years surveyed.

There

chemical, metal and mining, building material, natural gas, railroad and rubber.

# Very Well Received

A new study taking up the very lively question, "Is NOW a good time to invest?," has been well Group, Inc., sponsor and invest-ment adviser for Group Securities, received. Inc. The report, which places heavy emphasis on the basically favorable factors underlying the strength of the American econ-omy, has been reprinted three omy, has been reprinted times times in the week following pub-

First making the point that "the holder of well-selected common stocks has probably done better in growth of income and capital than was possible with any other readily marketable investment," three powerful forces are discussed to fortify the case that this experience will continue over the

longer term.
The first of these forces is the growing population, the second is research, and the third is the tendency toward continued inflation.

discussing the population growth in all age groups, the re-port concedes that while this is no guarantee of better economic no guarantee of better economic conditions in many countries, it is in America. The study points out that the steadily increasing number of people in our country means more consumers which, in turn, should mean a greater deturn, should mean a greater de-mand for goods, with more jobs and more profits.

and more profits.

In support of the important role of new products, a chart of the total expenditures for research and development by American industry is shown, indicating how these have grown from about \$1 billion annually 15 years ago to the present rate of about \$6 billion, with an estimate of a \$15 billion in 1965. Commenting that new products mean new markets new products mean new markets and generate new demands, the point is made that "these figures disclose the power of this force underlying higher standards of living, expanding business and profits."

Insofar as inflation is concerned. the study by Distributors Group suggests that, "despite efforts to control it, few believe it can be totally stopped." They therefore suggest that this too is a factor favoring the long-term ownership for common stocks.

For those overly concerned about current uncertainties, the report provides a perspective that reassuring.

## Commonwealth Stock Fund's Assets Exceed \$5 Million

In the past six months, the net In the past six months, the net assets of Commonwealth Stock Fund crossed the \$5 million mark, rising from \$4,519,194 on Oct. 31, 1957 to \$5,816,259 on April 30, 1958. During same period the number of shares outstanding rose from 406,941 to 494,792 and net assets per share increased from \$11.11 to \$11.75.

S. Waldo Coleman, President, stated that since the beginning of this calendar year, we have witnessed a seeming paradox of progressive business recession and decline in corporate earnings on the one hand, and a firming up in the stock market on the other hand. Wholesale prices in general have also remained at comparatively high levels, and many re-tail prices and the cost of living index have actually inched up

years surveyed.

Other industry groups liked by the mutual funds included steel, the mutual funds included steel, the mical, metal and mining, the firmness of each reflects not

rors the continued long-term in-flationary trend in our economy,

Mr. Coleman cites that the from two factors: A tremendous rate of defense and other public spending; and secondly, the relentless upward pressure of union wages. There is as yet no end in sight for the potency of either one of these factors. Consequently, looking beyond the current recession, investments should continue to be geared to a continua-tion of the long-term inflationary trend within the economy, he added.

Two additional members were elected to the board of directors. These are Lewis V. Coleman and Walter G. Olson. Mr. Coleman has been a Vice-President of the fund since its inception. Mr. Olson is a partner in the San Francisco law firm of Orrick, Dahlquist, Herrington & Sutcliffe.

Additions to the portfolio in the six months ended April 30, 1958 were Raytheon Mfg. Co.; Royal Dutch Petroleum; and Southwest-ern Public Service. Eliminations from the portfolio included Beck-man Instruments; Food Mach. & Chemical; International Paper; and Phillips Petroleum.

# SRO at Broad Street's Forums

The "Broad Street Board Room The "Broad Street Board Room Forums" for investment dealers and salesmen, conducted by the Broad Street Group of Mutual Funds, have enjoyed capacity attendance, according to Milton Fox-Martin, President of Broad Street Sales Corporation.

"More investment men have expressed an interest in attending our first three Forums, held in the

our first three Forums, held in the Board Room of the Broad Street Group at 65 Broadway, New York City, than we have been able to accommodate," commented Mr. Fox-Martin. He went on to point out that "this indicates the keen, current interest on the part of security deleves at their part of security deleves at their security. curity dealers and their represent-atives not only in sales techniques but also in learning about Fund managements and their invest-ment methods and thinking."

The "Broad Street Board Room Forums" start punctually at 2:30 p.m. and adjoin promptly at 4:30 p.m. A typical program, with Mil-Randolph, Chairman of the Board La Salle Street.

and President of the Broad Street Mutual Funds and Tri-Continental Wittel Funds and Tri-Continental Corporation and a partner of J. & W. Seligman & Co.; "Our Responsibilities to the Growing Mutual Fund Market" by Fred E. tual Fund Market" by Fred E. Brown, Vice-President of the Broad Street Mutual Funds and Tri-Continental Corporation and a J. & W. Seligman & Co. partner; a talk on "Professional Manageent Techniques" and a case history of the analysis of a specific industry by two senior analysts; and an economic prognosis by Dr. John W. Harriman, consulting economist to the Broad Street Mutual Funds. The Forums are concluded with a discussion of sales ideas

and techniques.

"Because these Forums have been so well received, we plan to hold two of three more Forums this summer; and then set up a continuing series on a definite schedule starting in the fall,"

stated Mr. Fox-Martin.

#### Goodbody Adds to Staff

Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.-John J. Burkton Fox-Martin presiding, includes hardt, Jr., has been added to the a brief welcome by Francis F. staff of Goodbody & Co., 1 North

Continued from page 2

# The Security I Like Best

to our major cities where acceptance was practically instantaneous. Moreover, short loops often made it possible to supply en route smaller cities where oven gas had a hard time of it, what with the hugely increased costs of laying mains and distributing pipes. The day of the retail gas distributor most positively is not over.

Conversion to natural gas, was, for Brooklyn Union Gas, a difficult and costly job. It did not attempt to do the work itself but had it no need to hold back the company done under contract with a spe- and it plunged into the fray with cializing company and it was comin a relatively short with a minimum of inconand venience to residents. Moreover, it did no harm to public relations natural gas is much hotter and reduces cooking time. The savings, however, were great. Brooklyn Union is now maintaining only two of the former gas-manufacturing plants as standbys to sup-plement natural gas in cold plement natural gas in cold weather, to meet emergencies and to "shave" peak loads. Last winter was, of course, a mild one and the standbys plants sent out only 209,000 M cu. ft.

Other plants were dismantled at large savings in personnel and other expenses. As a matter of fact, natural gas flows into a gate station at high pressure and merely must have the pressure reduced to usable levels and be odorized and metered. At the newest of its gate stations, all functions are completely auto-matic and the flow of gas is entirely controlled from the dispatch office from 10 miles distant.

Brooklyn Union buy its natural gas from three of the big pipeline systems — Transcontinental Gas, Texas Eastern and Tennessee Gas. At the end of 1957, contractural deliveries were set at 191,127 Mcf. daily. Contracts have been entered, subject to Federal Power Commissubject to rederal Power Commission approval, for an additional 30,000 Mcf., firm, daily beginning in November and a further 40,000 Mcf. per day of storage gas beginning in November, 1959. For subsequent years, this supply must be augmented and the managebe augmented and the management is confident that it will be made available.

natural gas came to the rescue. ments in Brooklyn and apartments Great pipeline systems brought and houses in Queens—natural gas natural gas from the oil centers made possible for the company a to our major cities where aclong-cherished dream. It had for years seen the possibilities in gas-fired heating for apartments and houses. It asserted that gas-firing was cheaper and far more con-convenient. The scale on which it could be installed, however could be installed, however, was relatively small, for its facilities did not permit a vigorous campaign. The cost of building new oven gas plants for this seasonal demand was prohibitive. With the coming of natural gas, however, all holds were off. There was now and it plunged into the fray with joyous cries. Whereas, the company estimated that in 1953 28% of new homes were heated with gas, its estimate at the end of 1957 was that more than 90% of new homes were so heated.

There are other markets, too, on which its efforts are centered. One of them is the smaller multifamily dwellings. Some 59,000 tamily dwellings. Some 59,000 units of less than 25 families each are estimated to be within the company's territory. It feels that its latest rate reduction, together with new City regulations for heating such buildings, make this field a potentially big market.

There is other household equipment which offers the company good possibilities for increasing its sales of gas. It must be recognized however, that electricity offers strong competition in many of them. For example, the saturation of 375,000 residential structures insofar as dryers are concerned is only 2%. Some 116,600 gas re-frigerators are operated in the 960,000 dwelling units of the company's service area, or 12%. The saturation in residential structures which have gas water heaters is much larger but in spite of their obvious advantages only 139,000 are presently installed, or 36% of the potential market.

A large list of accidental deaths and fires is piled up every cold winter; when only a few cold days are experienced the list is shorter, though there were several serious fires and many minor ones in the winter just passed. The concern of the city authorities was aroused and new regulations were adopted largely putting responsibility for

not to say that the millenium has come, for there will be many violations and those who ignore the laws are still with us. But the conscientious and thoughtful landlords outnumber the violators and, as a result, new equipment must be purchased and the market for will increase.

The really big "ace in the hole" for the company is, however, its acquisition and absorption of the New York & Richmond Gas Company in January, 1957. The borough of Richmond is an island, known as Staten Island, lying in lower New York Bay. It has an area of approximately 60 square area of approximately 60 square miles and a population of around 200,000. Its only access with the boroughs of New York and Brooklyn is by ferry. A bridge has been authorized to span the "Narrows," a strip of water separating it from Brooklyn. This bridge, when completed a few years hence, will provide easy access to Staten Island and will open it to development. While the company's Richmond division open it to development. While the company's Richmond division presently serves only a limited area, an influx of population, which is confidently expected, will justify the laying of new mains and individual pipes. While such development will not be rapid, it should be substatial because should be substantial because the island has many attractive areas that lend themselves well to both apartments and individual homes. Also, the western side of the island, which is linked with the narrowly separated, heavily in-dustrialized counties of Union and Middlesex in New Jersey (oil refineries and other heavy industry) should have a high industrial potential and plenty of space

In sum, we have in Brooklyn Union Gas an old established company, serving an urgent need of the public, which has only since 1952 escaped the erratic performance forced upon it by manufacatived gas. The coming of natural tured gas. The coming of natural gas solved its major problems and gave it a real chance for growth which an intelligent, capable man-agement avidly seized. It gave the company, also, rising income and a remarkably advantageous op-portunity to extend its services into a large, sparsely settled area beyond its former borders. Economies in operating costs permitted a rising dividend rate—the latest increase was declared last March -and a sense of security it never before had. In time, this will be reflected in the price of its shares. The firmness of each reflects not made available.

only a prevailing expectation that the current business let-down will came with the successive waves of be relatively brief but also mir
made available.

the condition of equipment on the landlord and making him responsible also for certain standards of new construction—mainly apart
warmth in his buildings. This is more.

#### 46 (2898)

# **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 dates

Latest Week 9 §62.4 9. §1,685,600	Previous Week *64.9	Month Ago 58.1	Year Ago 84.0	AMERICAN GAS ASSOCIATION—For month of	1, 1	Previous Month	Year ,
9 \$1,685,600	£1 751 000						
	2,102,000	1,567,000	2,150,000	Total gas sales (M therms)  Natural gas sales (M therms)  Manufactured gas sales (M therms)  Mixed gas sales (M therms)	7,126,900 6,876,200	8,346,100 8,034,700 27,200	6,961,100 6,739,400 22,500
3 6,334,885 3 ¶7,659,000 3 26,960,000 3 1,867,000 3 11,613,000 3 6,459,000 3 190,241,000	6,255,935 7,690,000 *27,165,000	6,261,885 7,479,000 25,200,000	7,294,115 7,727,000 27,254,000	[18] [26] [27] [27] [27] [27] [27] [27] [27] [27	229,600	284,200	199,200
1,867,000 11,613,000	1,725,000 12,251,000 6,775,000	1,881,000 11,650,000 6,558,000	1,722,000 11,846,000 7,645,000	Steel ingots and steel for castings produced (net tons)—Month of May. Shipments of steel products (net tons)— Month of April	6,308,000	* 5,532,991	9,792,323
3 190,241,000	*193,025,000	198,307,000	191,317,000	<ul> <li>For the Control of the</li></ul>	AND A TAKE TO SEE	4,448,526	7,349,752
3 96,694,000 3 63,393,000	93,037,000 62,810,000	80,771,000 59,503,000	106,171,000 42,870,000	of March:		- 20	004 000 00
4 622,221 4 518,611	612,715 495,052	560,765 498,017	746,122 611,061	lons each)  Domestic crude oil output (barrels)  Natural gasoline output (barrels)	194,472,000 24.652,000	190,651,000 22,697,000	20,010,00
	\$505 535 000	\$568 107 000	\$370 829 000	Benzol output (barrels) Crude oil imports (barrels) Refined product imports (barrels)	22,000 31,366,000 21,851,000	23,232,000 *21,924,000	33,00 26,320,00 19,492,00
3 135,188,000 9 294,687,000 9 220,379,000	200,577,000 304,958,000	241,161,000 346,946,000	185,672,000 185,157,000			*295,594,000 37,066,000	311,116,00 484,00
74,308,000		140,040,000	49,143,000	AMERICAN RAILWAY CAR INSTITUTE—			
The second of th	388,000	385,000	612,000	Orders for new freight cars  New freight cars delivered  Backlog of cars on order and undelivered	3,534	5,163	3,37 8,82
4 138 1 11 941 000				(end of month)	30,386	32,908	97,00
	254	337	241	—Month of April: Intercity general freight transported by 388		5 752 074	5,340,60
	5.967c \$66.49	5.967c \$66.49	5.670c \$64.56	AMERICAN ZINC INSTITUTE INCMonth of		0,102,013	0,010,00
7 \$35.17	\$35.50	\$34.00	\$56.17	Slab zinc smelter output all grades (tons of	71,018	70,214	96,85
8 24.775c 8 25.125c	23.150c	24.225c 21.575c 11.500c	31.150c 28.350c 14.000c	Shipments (tons of 2,000 pounds) Stocks at end of period (tons)	51,519 240,670	52,684 221,171	89,6 112,6
8 11,110c 8 10.910c 9 10.500c	10.800c 10.500c	11.300c 10.500c	13.800c 11.500c	BANKERS' DOLLAR ACCEPTANCES OUT- STANDING — FEDERAL RESERVE BANK OF NEW YORK—As of May 31:			
8 24.000c 8 24.750c	24.000c 94.625c	24.000c 94.500c	25.000c 98.250c	Imports Exports Domestic shipments	\$296,197,000 396,429,000 15,709,000	\$278,125,000 415,548,000 12,241,000	\$227,394,0 501,029,0 15,061,0
4 93.88 4 96.38	94.99 96.69	96.25 96.23	86,36 93.08	Domestic warehouse credits	355,238,000 129,732,000	403,568,000 130,730,000	58,008.0 5,259.0
4 102.46 4 99.52 4 96.07	103.13 99.84 96.38	99.52 95.77	95.47 94.12				
4 88.27 4 92.06 4 97.62	38.27 92.20 93.09	87,32 91.62 97.78	86.51 91.34 94.56	를 보고 보고 있는 경기 (12명) - 1일, 2일, 2일, 1일, 1일 (12명) - 1일 (12명) 1일 (12명) - 1일 (12명) - 1일 (12명) - 1일 (12명) - 1일 (12명)	IN THE PROPERTY OF THE		
4 99.52	100.0	99.36	93.23	Manufacturing number Wholesale number	242 125 659	257 139 737	
4 3.98 4 3.60	3.96 3.56	3.99 3.56	4.20 3.97	Construction numberCommercial service number	207 108	209 116	
4 4.00 4 4.54	3.96 4.54	4.02 4.61	4.13 4.67	Total number Manufacturers' liabilities Wholesale liabilities	1,341 \$17,912,000 5,472,000	1,458 \$29,538,000 7,673,000	\$14,888,0
4 4.27 4 3.90 4 3.78	3.87 3.75	3.89 3.79	4.10 4.19	Retail liabilities	18,279,000 10,771,000 3,812,000	23,657,000 9,612,000 13,497,000	15,686,0 10,820,0
				Total liabilities			
	248,617 77	269,356 86	287,444 94	BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET,	the second	11.329	12,2
	109.79	109.87		CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of			
				Private construction	973,338	\$1,583,305 813,337	\$1,856,7 803,1 1,053,5
1,193,750 1 219,490 1 913.150	1,594,440 349,040 1,243,410	1,540,280 355,920 1,274,380	219,690	State and municipal	930,477 409,860	588,502 181,466	712,2 341,2
1 277 440	1,592,450	1,630,300 320,090		Month of March:		100	
1 28,650 1 268,100 1 296,750	37,200 351,400	23,130 304,670 327,800	218,520	(net tons) To North and Central America (net tons)	129,603 81.556	129,658	84,4
	535,542	579,159	371,930	To Asia (net tons) To South America (net tons)	2,729 22	6,157 10	8,4
1 440,022 1 538,502	591,156	729,040 887,280	387,590	COAL OUTPUT (BUREAU OF MINES)—Month		J- 27-3	
1 1,850,290 1 346,620 1 1,621,272	582,000	2,439,529 537,290 2,308,090	337,940	Bituminous coal and lignite (net tons)	30,480,000 1,639,000		
1,967,892		2,845,380		COKE (BUREAU OF MINES)—Month of April:	3,835,165	*4,343,326	
				Oven coke stock at end of month (net tons)		4,301,831 41,475 3,478,465	215,0
1 \$36,421,697	\$46,619,209	\$55,162,385	\$58,590,113	CORRED INSTITUTE For month of May			
1 624,965 1 8,126 1 816,839	14,088 1,043,636	18,467 1,092,802	7,490 879,940		119,918	120,467	151,0
1 \$34,047,50¢ 1 284,680	4	\$46,921,729 323,620		Refined copper stocks at end of period (tons			* 1 X
1 284,680		323,620		DEPARTMENT STORE SALES—FEDERAL RE-			
1 276,310	378,790	490,220	354,260	Month of May: Adjusted for seasonal variation	- 133	*131	1
1 501.000	837 500	843 220	429 110	EDISON ELECTRIC INSTITUTE—	* ****		
1 9,062,830 1 9,563,890	12,180,160	12,029,740	8,802,590	Month of March (000's omitted)	46,702,575		
	7 ·			DARREST CONTRACTOR OF CAMERI.			54,202,8
7 119.0 7 95.4 17 113.1	*95.2 *112.9	119.3 97.3 113.0	90.7 105.2	CAN INSTITUTE OF STEEL CONSTRUC- TION)—Month of April:			403,57
7 115.8 7 125.2	114.9	115.4 125.2	92.6	Shipments (tonnage)—estimated	323,574	336,598	362,19
	3 22,559,000 3 63,393,000 4 622,221 4 518,611 9 \$429,875,000 9 135,188,000 9 135,188,000 4 73,000 4 74,000 4 138 1 11,941,000 9 290 7 5.967c 7 \$66.49 7 \$35.17 8 24,775c 8 21,110c 8 10,910c 8 11,110c 8 10,910c 10,000c 8 24,000c 8 24,000c 8 44,750c 4 93,88 4 96,38 4 99,52 4 99,52 4 99,52 4 99,52 4 30,4 4 99,52 4 99,52 4 30,4 4 3,98 4 102,46 4 99,52 4 30,40 4 3,78 4 3,78 4 3,78 4 3,78 4 3,78 4 3,78 4 3,78 4 3,78 4 1,90 6 1,132,640 1 1,193,750 1 1,132,640 1 1,193,750 1 1,132,640 1 1,193,750 1 1,132,640 1 1,193,750 1 1,132,640 1 1,193,750 1 1,132,640 1 1,193,750	3 22,559,000 22,344,000 3 9,037,000 62,810,000 44 622,221 612,715 518,611 495,052 9 \$429,875,000 \$505,535,000 9 135,188,000 200,577,000 9 294,687,000 304,958,000 9 240,687,000 304,958,000 9 270,379,000 108,780,000 4 475,000 383,000 4 138 135 1 11,941,000 12,109,000 9 290 254 7 5.967c 5.967c 5.967c 7 \$66.49 \$66.49 \$66.49 \$66.49 \$66.49 \$35.17 \$35.50 8 24.775c 8 11,10c 11.000c 8 10.500c 10.000c 8 24.000c 8 10.000c 10.000c 8 24.000c 10.000c 8 24.000c 24.000c 8 24.000c 8 24.000c 24.000c 8 24.000c 24.000c 8 24.000c 24.000c 8 24.000c 8 24.000c 24.000c 8 24.000c 24.000c 8 24.000c 24.000c 8 24.000c 8 24.000c 24.000c 8 24.000c 24.000c 8 24.000c 24.000c 8 24.000c 8 24.000c 10.000c 10.000c 8 24.000c 10.000c 10.000c 10.000c 8 24.000c 10.000c	3 2,559,000	3 25,59,000 25,007,000 80,771,000 10,171,000 33,000,000 10,171,000 35,000,000 10,171,000 10,171,000 10,171,000 10,171,000 10,171,000 10,171,000 10,171,000 10,171,000 10,171,000 10,171,000 10,000 11,000 10,	2.25,000	3 0.2,33,000 5.2,340,000 5.0,340,000 1.0,350,000 4.3,000 1.0,300,0	1.0   1.0

# Public Utility Securities

**■** By OWEN ELY **■** 

# General Telephone Corp.

General Telephone is the second largest telephone system, with total telephone revenues of \$297 sive with respect to rates, the million plus \$212 million sales by small increase in 1952 being the manufacturing and miscellaneous first since 1920. As they are earnsubsidiaries, or a total of \$509 ing less than 6% on capital, the million for the 12 months ended March 31. These revenues were the highest in the System's history is currently negotiating only one and were up \$9 million over Dec. 31, 1957. Telephones in service as million for the 12 months ended new ma March 31. These revenues were rate inc. the highest in the System's history is curre and were up \$9 million over Dec. 31, 1957. Telephones in service as phones. of March 31, totaled 3,409,000. In the General now controls over one-third of the independent phones in the U.S., and has 41% of the revenues.

covers 30 States and has \$1.1 billion in assets. The System has had a phenomenal growth record, revenues increasing from \$13 million in 1937 to the present figure about m 1937 to the present figure about 23 times as great. This growth has been partly due to mergers, of which the largest was the acquisition of Theodore Gary & Company in 1955. This System had an extremely complicated setup with some 80 corporations. The 21 Gary telephone subsidiaries in this country have now all been merged. country have now all been merged. with corresponding General Tele-phone subsidiaries, and many other inactive companies have probably been liquidated.

In acquiring Gary, General gained control of the huge Automatic Electric Company of Chi-cago, which manufactures telecago, which manufactures tene-phone and related equipment. The operations of this company, for-merly scattered through a large number of buildings-in Chicago, number of buildings in Chicago, have now been consolidated in a single one-story plant on a former golf course. It is expected that substantial economies will be obtained from this move now that the initial "shakedown" is being completed.

Also acquired with the Gary System was control of Anglo-Canadian Telephone, which con-trols British Columbia Telephone and Northwest Telephone in Canada and the Dominican Telephone Co. British Columbia is growing very fast, and with frequent stock very fast, and with frequent stock offerings Anglo has had some difficulty in maintaining its equity interest. Another recent problem has been the somewhat "anti-American" attitude of the present Canadian Administration, as reflected in the Bell Telephone decision. British Columbia Telephone decision. cision. British Columbia Tele-phone is currently asking for a rate increase in order to sustain earnings.

Last year General also acquired control of Peninsular, the leading telephone company in Florida, and this carried with it a 12% interest in Florida Telephone. The Peninsular acquisition diluted earnings temporarily but gave General an

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f March 31, totaled 3,409,000. In the past General Telephone capital of the independent phones in the U. S., and has 41% of the evenues. The General Telephone System overs 30 States and has \$1.1 billion in assets. The System has had sphenomenal growth record, revalue of the past General Telephone has increased earnings sharply by raising the rate of return on invested capital, through increases in rates. In 1949 only 3.3% was being earned, but this was gradually increased to 7.7% in 1955. Since that date increased expenses and other factors have gradually In the past General Telephone Since that date increased expenses and other factors have gradually reduced the return to a little over 6%. Accordingly, the company has started another campaign for rate increases. They have received an increase of \$1.5 million in California and have filed for \$11.2 million more. They have asked for \$13.4 million in other states; and also expect to ask for \$10-14 million additional in 13 states by the end of the year. They received \$2.4 million increases last year and \$2.2 million thus far in year and \$2,2 million thus far in 1958.

President Kappel of American Tel. & Tel., interviewed recently by Telephonics, has stated that the Bell System needs an 3% return, and General Telephone is also seeking this rate of return. A new vice-president in charge of "revenue requirements" has been appointed to handle rate applicapointed to handle rate applica-

General Telephone enjoyed a "fabulous" gain in share earnings during 1949-57 (from 97c to \$3.03). In the first four months of 1958, despite the gain in revenues, net was off about 2% as a result of higher costs and the lag in obtaining rate increases. President Donald C. Power expects sales of the manufacturing subsidiaries to be substantially better in 1958 than last year, and over 60% of manufacturing profits may be established in the second half of the year. He expects net income for common stock to reach about for common stock to reach about \$48 million against \$45.7 million last year, which, if realized, would

an increased number of shares.

General Telephone Corp. has outstanding two convertible debenture issues as well as several convertible preferred stocks, and should all these issues be fully converted share earnings might converted share earnings might be diluted by 25c or 30c, it is estimated.

The common stock has been selling recently around 50, and pays \$2 to yield 40%. The price-future. earnings ratio is about 16.2, based on the consolidated earnings.

earnings of both are down.

In the Southeast earnings have been lower but not to the extent as the North. One factor which has contributed to this is not only the growth in this district but to the fact that many industries in recent years have constructed new plants in the South generally and in many cases it had been found more economical to shut down older more inefficient plants in older more inefficient plants in the North and operate the newer more efficient ones in the South. Many traffic men have antici-

Many traine men nave anticipated such an occasion in the event of a recession for some time.

The rich soft coal roads, Chesapeake & Ohio, Norfolk & Western and Virginian Railway, have experienced a sharp drop in traffic. They have been hurt by the drop in activity in heavy industry and particularly hurt by the sharp drop in the export shipments of bituminous coal. The export movement of bituminous coal, for which high hopes were held, is not expected to recover from current low levels in the immediate

Carloadings have been showing some week-to-week improvement and June should be the best earnings month of the year. July and August probably will be lower due principally to closing of plants for vacations. Of course, much earningswise depends on the steel and automobile industries for the balance of the year.

# Railroad Securities

# The Railroads' Future and Divergent Earnings

The nation's railroads finally dentally, probably have been em to have made some progress hardest hit by current business impressing on Congress the fiseem to have made some progress in impressing on Congress the fi-nancial plight of many of them. This was brought out when legislation was introduced into both the Senate and House of Representatives to give them some relief. The one item which appears to have the best chance of success is the repeal of the excise taxes on passenger travel and freight

The roads have been seeking to eliminate the 10% tax on passenger fares and 3% on freight rates which were originally enrates which were originally en-acted as a war-time measure. Elimination of the tax on pas-senger business would in effect be a reduction in fares. This might attract additional passen-gers particularly from the private might attract additional passen-gers, particularly from the private automobile. This would be of some help in reducing the con-stant passenger deficit by increasthe declining volume of this business.

If the 3% tax on freight rates is eliminated, it has widespread possibilities. It might place some companies in a better competitive position by giving them lower rates than at present. It would be of great benefit to those industries faced with long haul

One of the most controversial issues is the proposal to set aside a sum of \$700,000,000 for loans to roads in need of cash to meet among other things, payrolls, roads in need of cash to meet among other things, payrolls, maintenance and capital improvements. Both the New York, New Haven & Hartford and the Boston & Maine obviously could use additional funds at the present time. An official of the B. & M. already has stated he would like \$21,-000,000 to construct a new modern freight yard. Rail circles feel that this is a rather substantial amount for only one yard. Howamount for only one yard. How-ever, if funds were granted for capital improvements, it would mean more employment and more

conditions.

The pattern of earnings throughout the country has not been all one of deficits. In the East the earnings of the Baltimore & Ohio and the Nickel Plate (New York, Chicago & St. Louis) have been in the black and probably will be for the first six months of this year. In fact, it is believed the Nickel Plate will maintain the \$2 annual dividend rate and will be one of the few to maintain dividends. On the other hand. will be one of the few to maintain dividends. On the other hand, earnings of the other major Eastern trunk lines have been off substantially from a year ago with the roads reporting large deficits. This list includes the Pennsylvania Railroad, New York Central System Frie and the Laglanguage. System, Erie and the Lackawanna. The Delaware & Hudson which is in a special position as compared with the others also has been do-ing relatively well.

In the Midwest there have been some surprises. The Chicago & Eastern Illinois, Chicago & Great Western, Monon and Minneapolis & St. Louis are well in the black. On the other hand, Gulf, Mobile & Ohio, Illinois Central, Missouri-Kansas-Texas and Missouri Pacific have been showing deficits have been showing deficits.

Floods in California have been severe, but earnings of Southern Pacific, Atchison, Topeka & Santa Fe and Union Pacific have remained at fair levels. Of course, these roads receive large "Other These "Which aids cornings" these roads receive large "Other Income" which aids earnings. Western Pacific and Denver & Rio Grande Western income has not declined too sharply, but these roads have been hurt by the drop in steel production in the service

In the Northwest, Northern Pacific has had the advantage over Great Northern because of substantial other income from its vast stantial other income from its vast land holdings. As a matter of fact, it is believed the potential of oil, gas and timber on this property is somewhat of a stum-bling block in working out the financial end of the proposed purchasing by the rails which property is somewhat of a stum-would be an aid to the entire bling block in working out the economy. These two roads, inci-financial end of the proposed

#### DIVIDEND NOTICES

DIVIDEND NO. 75= **Hudson Bay Mining** and Smelting Co., Limited

A Dividend of seventy-five cents (\$.75) (Canadian) per share has been declared on the Capital Stock of this Company, payable September 8, 1958, to shareholders of record at the close of business on August 8, 1958.

J. F. McCARTHY, Treasurer.

#### CONSOLIDATED NATURAL GAS COMPANY

30 Rockefeller Plaza New York 20, N. Y.

DIVIDEND No. 42

THE BOARD OF DIRECTORS has this day declared a regular quarterly dividend of Fifty Cents (50¢) per share on the capital stock of the Company, payable August 15, 1958 to stockholders of record at the close of business July 15, 1958. R. E. PALMER, Secretary

June 25, 1958

### CANADIAN PACIFIC RAILWAY COMPANY

**Dividend Notice** 

At a meeting of the Board of Directors held today a dividend of seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1958, payable in Canadian funds on August 1, 1958, to shareholders of record at 3.30 p.m. on June 20, 1958.

By order of the Board.

T. F. Turner, Secretary.

Montreal, June 9, 1958.

## With Coffin & Burr

(Special to THE FINANCIAL CH

BOSTON, Mass. - Warren K. Butler and Chenery Salmon are now affiliated with Coffin & Burr, Inc., 60 State Street. Mr. Butler was formerly with Mann & Gould.

#### DIVIDEND NOTICES

#### LONG ISLAND LIGHTING COMPANY



#### COMMON STOCK

The Board of Directors has declared a quarterly dividend of clared a quarterry unvariant 30 cents per share payable on the Common Stock of the Company August 1, 1958, to share holders of record at the close of business on July 11, 1958.

VINCENT T. MILES



#### The United Gas **Improvement** Company

#### DIVIDEND NOTICE

A quarterly dividend of 55c per share on the Common Stock, par value \$13.50 per share, has been declared payable September 30, 1958 to stockholders of record August 29, 1958.

A quarterly dividend of \$1.0614 per share on the 41/4 % Preferred Stock has been declared payable October 1, 1958 to stockholders of record August 29, 1958.

J. H. MACKENZIE, Treasurer Philadelphia, June 24, 1958



The Board of Directors has authorized the payment of the following quarterly divi-

COMMON STOCK Dividend No. 194 60 cents per share;

PREFERENCE STOCK, 4.48% CONVERTIBLE SERIES Dividend No. 45

PREFERENCE STOCK, 4.35% CONVERTIBLE SERIES Dividend No. 41 281/2 cents per share.

The above dividends are payable July 31, 1958 to stock-holders of record July 5. Checks will be mailed the Company's office in Los Angeles, July 31.

P. C. HALB, Treasurer

June 19, 1958



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tin for the Year 1957 -

Ill.—paper.

Electric Institute, 750 Third Avenue, New York 17, N. Y.— paper—\$1.50.

Fare-Ways - Compilation of rails

are-Ways — Compilation of rails air and bus fares between Chicago and 1,000 cities of the United States, Canada, and seyeral points beyond the continental United States — Fare-Ways Travel Center, 7 South Edward Street, Mount Prospect,

How to Save 31/2% of Profits —
How to prevent losses through
fraud and embezzlement—W. H.
Klotz—Cummins-Chicago Corporation, 4740 North Ravenswood Avenue, Chicago 40, Ill.—

Ideas in Action — Background information on petroleum research

Introduction to Difference Equa-

and engineering—Esso Research and Engineering Company, 15 West 51st Street, New York 19,

paper-on request.

N. Y.—paper.

# Washington . . .

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

WASHINGTON, D. C.—The Joint Economic Committee of Congress says applications for FHA and VA insured mortgages have risen sharply since De-cember and are rising even more as a result of the housing legislation passed early in the spring.

Supporting the contentions of the Joint Economic Committee are fresh estimates from the United States Labor Depart-ment's bureau of labor statis-tics. In a report to the White House, the Department says that housing starts in May in this country rose to 105,000, somewhat above seasonally. The starts last month compared with 95,000 in April and 103,000 in May of 1957.

More and more mortgage money became available in May. A check and double check from various sources in the Nation's Capital indicate that the trend Capital indicate that the trend toward easier money will continue for an indefinite period. However, FHA officials say it is a little early to tell if the switch toward easier money is on the verge of slowing down.

on the verge of slowing down.

About two-thirds of the new housing unit starts in May were begun through loan approvals by the FHA and VA. Privately owned starts totaled 98,000. During the first five months of this year 413,000 units were begun, which was approximately the same for the corresponding period in 1957.

#### Plethora of Mortgage Money

In a recent memorandum to Chairman Wright Patman and his colleagues on the Joint Economic Committee of the Senate and House, the staff in discussing the increased mortgage ing the i

funds said:

"Housing activity in the second half of the year may depend
on the trend of employment
and income rather than rising
independently as in other postwar recessions. If employment
and incomes begin to rise, consumers may draw upon the recently augmented supply of
mortgage funds to purchase
homes at an increasing rate. On
the other hand, as long as employment and income (particularly wages and salaries) continue to decline, consumers may
be expected to continue to postbe expected to continue to post-pone home purchases in spite of increased availability of mortgage funds."

gage funds."

Because of the increased availability of home building money, building and loan associations all over the country have been slightly reducing their interest rates. At the same time savings associations are reducing their interest rates on savings. Numerous insured associations that are currently paying 4% and 3.75% interest rates are pulling in their horns and reducing the interest to 3½% effective July 1.

#### Pending Housing Bill

Meanwhile, on Capitol Hill, speculation was rife that President Eisenhower will veto the pending omnibus housing bill. However, there is a strong like-lihood that a whole series of changes will be made on the proposed legislation before it passes Congress and is sent to President Eisenhower for his

It seems the Administration is very much against some of the things pertaining to public

housing, plus proposed direct loans for veterans homes and the buying at par of \$1 billion of government-guaranteed mort-

It is pretty much a pattern now that Congress waits until the closing weeks of each ses-sion to take floor action on its annual omnibus housing bill. Incidentally, it has been passing such legislation each year since the World War II. This year the House Banking and Curthe Hease Banking and Currency Committee is not scheduled to start its hearing until after the July Fourth holidays. Senator J. William Fulbright, Chairman of the Senate Banking and Currency Committee, is expected to have the Senate measure ready for floor consideration on or before July 4. eration on or before July 4.

The building and loan associations are advocating and sponsoring a government chartered home mortgage insurance program. However, the Senate Banking and Currency Committee has shelved the proposal for this exception. for this session.

Although the White House is Although the white House is opposed to it, the pending measure would provide that tenants in public housing would be given an opportunity to buy the housing units they occupy. The bill also provides that 35,000 ad-ditional public housing units be constructed during the 1959 fis-cal year starting July 1.

Still another provision calls for \$400,000,000 for housing units on the campuses of the colleges and universities. Seemingly assured of approval is another provision that would in-crease the limit of FHA insured mortgages from \$20,000 to at least \$22,500. The Eisenhower administration is advocating administration is advocating that the insured mortgage limit be increased to \$30,000.

#### Unemployment Forecasts

The Joint Economic Committhe solution Economic Committee believes that unemployment this year will average about 7% of the civilian labor force or about 5,000,000 persons. The committee believes that uncommittee believes that un-employment in the first quarter of 1959 may amount to about 5,550,000. The committee goes on to say that a less rapid re-covery could be accompanied by as many as 7,000,000 unem-ployed or more than 10% of the civilian labor force, in the first quarter of the next calendar year.

Of course, the Joint Economic Of course, the Joint Economic Committee is controlled by the Democrats. The Democrats who control both branches of Congress, would like for the picture to look a bit unfavorable at least until after the November congressional elections.

On the other hand, President Eisenhower and his economic advisers feel that the country is over the recession hump. The

is over the recession hump. The consensus of authorities testiconsensus of authorities testi-fying before Senator Harry Flood Byrd and the Senate Finance Subcommittee weeks ago predicted that a "plateau" would be reached in the third quarter and an upturn would come about in the fourth quarter.

#### Retroactive Salary Increases

At least a mild shot in the economic arm will take place next month. The pay raise bill for 1,100,000 classified and other government workers and the 10% salary increase retroactive as of Jan. 1, will have its effect in July. Many communities

# **BUSINESS BUZZ**



"I admire your ingenuity during my absence, Figbar, but I'm afraid you still have a lot to learn about the brokerage business!"

over the nation will feel the retroactive pay action when the hundreds of thousands of government workers, depending on the locality, will each receive from \$150 to \$500 in back pay. Federal Government workers,

for the most part, now get paid well, and have good overall jobs with annual sick leave of 26 with annual sick leave of 20 working days, plus liberal vaca-tions and short working hours. The number of applications for would-be workers of the Fed-eral Government has increased the past year. The new pay raise will make the jobs even more attractive to many people now employed by private in-

#### Future of Urban Land

Future of Urban Land

Is there going to be a decreasing demand for urban land in the future? A Washington consulting economist in the current issue of "Urban Land," the Urban Land Institute's periodical, thinks there will be a decline. Robinson Newcomb believes that a change in the type of housing demand, plus the fact that deaths are occurring faster than marriages will refaster than marriages will result in a decreasing demand.

A different type of housing to meet the demands of the younger, smaller and older families will be needed. More older people are going to move from their homes to apartments in the future. The consultant also predicts there will be less demand for industrial and husidemand for industrial and busi-ness land, because of greater efficiency all around. The land consultant said the country is moving toward better use of the

FOREIGN SECURITIES

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urban land for both production and transportation purposes. Therefore, he said the increase of land use may decrease 20% to 30% between now and 1965 than it was in the 1940's. In the end, he said, there should be more orderly urban develop-

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

# Business Man's **Bookshelf**

Announcement of a National Commission on Money and Credit— Committee for Economic Development, 711 Fifth Avenue, New York 22, N. Y.—paper.

Bituminous Coal Data 1957 - National Coal Association, Department of Coal Economics, Southern Building, Washington 5, D.C.

**Business Communication Reader-**J. Harold Janis — Harper & Brothers, 49 East 33rd Street, New York 6, N. Y.—cloth—\$6.

Design of Development-Jan Tingergen — The Johns Hopkins Press, Baltimore 18, Md.—paper -\$2.50.

<u>Carl Marks & Co Inc.</u>

FOREIGN SECURITIES SPECIALISTS

20 BROAD STREET . NEW YORK 5, N. Y.

Electric Utility Industry in the United States: Statistical Bulle-

TELETYPE NY 1-971

troduction to Difference Equations with Illustrative Examples from Economics, Psychology, and Sociology—John Wiley & Sons, Inc., 440 Fourth Avenue, New York 16, N. Y.—\$6.75.

Legislative Summary—Resume of the banking bills enacted during the 1958 session of the New York State Legislature — New York State Banking Department, 270 Broadway, New York 7, N. Y. paper.

More Mileage for Your Money: How to get more miles to the gallon from your car—American Motors Corp., 14250 Plymouth Road, Detroit 32, Mich.—paper.

—Dr. Melchior Palyi—Heritage Foundation, Inc., 121 West Wack-er Drive, Chicago 1, Ill.—paper —50c (quantity prices on re-quest). Nationalizations—Ten Years Later

ew Role of the Soviets in the World Economy—Michael Sapir Committee for Economic Development, 711 Fifth Avenue, New York 22, N. Y. — paper — 50c (quantity prices on request); schools, libraries and organized study groups may receive up to 25 copies on request).

Our Soaring Trade with Vene-zuela—Creole Petroleum Cor-poration, 1230 Avenue of the Americas, New York 20, N. Y. (paper).

Personal Money Management -American Bankers Association, 12 East 36th Street, New York, N. Y. (paper), 50 cents.

Philosophy of Administration — Marshall E. Dimock—Harper & Brothers, 49 East 33rd Street, New York 16, N. Y. (cloth), \$3.50:

Present Day Banking 1958 — A
Treasury of Banking and Business Research—American Bankers Association, 12 East 36th
Street, New York 16, N. Y. —
cloth—\$6.

roblems of the Railroads-Part 4: Testimony of Railroad Brotherhoods, Private Shippers, Government Officials, and others - U. S. Government Printing Office, Washington,

## TRADING MARKETS

American Cement **Botany Mills** Wurlitzer Co. Com. Fashion Park Indian Head Mills United States Envelope Morgan Engineering National Co. Cormac Photocopy Corp.

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