EXPANDING OUR HERITAGE

By HON. RICHARD M. NIXON
Vice-President of the United States

To meet domestic and foreign challenges, Mr. Nixon's program includes: taxation in corporate and upper personal income taxes; extension of unemployment insurance program; and adoption of policies to halt inflation. Denies his tax cut proposals favors business and net the same by pointing out "business is the people," and contends we should not fear a temporary budget deficit so long as it ensures economic growth. Terms it ironical that we should have come closer to Socialist goals of prosperity for all in a classless society through the medium of private capitalism.

In the critical years that face us, years in which the destiny of the world will be shaped for decades to come, I believe our success or failure will be determined in the realm of ideas. If this is to be the era of decision, it is essential that we constantly re-examine our ideas to see if they actually can prevail. If we are to judge the worth of our American idea solely in terms of results, we can point to a record of economic progress unsurpassed in world history. In the 50-year life span of the Harlem Business School, our Gross National Product has quadrupled. Translating this dramatic figure into individual terms, we find that during this same period per capita income has increased from $188 to $2,022 a year, the number of home owners has gone from 7 to 30 million, the annual production of automobiles has increased from 4,000 to as many as 7,000,000, the number of refrigerators in use from 22,000 to 47,000,000. During the same period primary and secondary school attendance has increased from seven to ten years of age.

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"From an address by Mr. Nixon before the 50th Anniversary Conference of Harvard Business School Association, Boston, Mass., Sept. 6, 1958.

Outlook for Business And Stock Prices

By ANTHONY GAUBIS
Anthony Gaubis & Co., Investment Counselors

Market economist details both favorable and unfavorable factors of the economic and stock market picture, and concludes stock purchases at present time carry undue risk and should be deferred until they return to "ex-ceptional" levels. Points to possibility of tax rises enhancing relative attractiveness of bonds. Maintains rising interest in highly speculative market areas presages final bull market stage. Advocates stock purchase funds be continued to "special situations" or reserved for setbacks of at least 20%.

In view of the widespread emphasis placed on September's "ending of summer" as the beginning of a new business "season," this is a good time to review both sides of the economic and stock market picture. Hence I submit the following half-dozen most important elements on both "sides of the medal."

(1) The trend of business activity has been upward since April of this year. In spite of the fact that intermediate stock market trends are often contrary to those witnessed in business activity, improving sales and earnings reports do exert a powerful—even if temporary—favorable effect on speculative psychology. It is difficult, if not impossible, to judge as to just how long this situation might last, although it is certain to be of limited duration, in view of the underlying risks as judged by such fundamental factors as productive capacity in relation to potential demand; the relationship of stock prices to earnings, etc.

(2) There is little question but that the very long-term trend is toward progressively more inflation, in light of the emphasis placed on expediency, rather than

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The Security I Like Best

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

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

IVRY HOFSTEIN
Investment Adviser
Beverly Hills, Calif.

Lehn & Fink Corporation

A comparatively desultory and stagnant sales history in recent years had for the most part kept the market price of the common stock of Lehn & Fink at a rather narrow range during the years 1952 through 1956. This situation during this period was in 1952 when the stock sold for $11.50 while the high of $23 was reached in 1954, although the price was short-lived since the stock was within a few months at the $10 level. During this period sales increased from $7.7 million in 1952 to $23.7 million in 1956 while earnings, which have been derived from a low of 51 cents per share in 1955 to a high of $3.03 in 1953. (It is assumed that the effect of the simultaneous sponsorship of two thousand new stocks in the prospectus from 1955 to June 1956.)

However, in early 1956 the company developed and adopted a continuing five-year plan designed to increase the growth of the company's sales and earnings through the development of new products, increased efficiency in management and operations, and the acquisition of new lines of business. This plan is already beginning to show favorable results and is particularly responsive for my selection of this company's stock as the "Security I Like Best."

The company's five-year plan, put into effect early 1956, saw immediate results in 1956 sales, which increased 97% over previous year's sales to $22.7 million, and further increased by 6.2% in 1957 to $24.7 million.

Sales for the fiscal year ended June 30, 1958 are as yet unreported but are estimated at about $30 million.

At the same time, the 1956 earnings increased from $2.92 per share on the $26.60 shares currently outstanding; $1.70 were earned in 1957, and for the first nine months of the current fiscal year $2.63 was earned.

The advent of recurrent high earnings has resulted in a more liberal dividend policy. The current dividend of 3 cents per share is paid quarterly, and a 5% yield on the recent $2 market price is expected.

During the past 13 months the major acquisitions were successfully the result of the Oglvie Sisters, which was acquired, a long-established and well-known distributor of hair preparations, and in September, members of the ideology Laboratory, Inc., were acquired for a cash consideration of approximately $2 million. This latter company is one of the country's leading manufacturers of hair preparations for maintenance and sanitation, and the Oglvie sisters are related to Lehn & Fink's present line of disinfectant products.

One of the objectives of the 1957-62 year plan was specifically directed at the domestic business, the company's foreign business and investments other than those of Lehn & Fink had been given considerable attention and definite progress has been made in establishing greater continuity of this company's growth. In connection it is interesting to note that since July 1, 1949 only the amounts actually remitted to the company from foreign subsidiaries have been included in the income and since that time the income of American branches have been included in income. Not included in consolidated income for the fiscal year ended June 30, 1957 was net income from foreign operations totaling $3.5 cents per share. If these earnings are consolidated with domestic earnings, the earnings for the year would be $4.07 per share for the year ended June 30, 1957.

The added attention to foreign sales growth is based on the well-supported premise that sociological changes as well as socio-economic changes abroad, particularly in Europe and South America, are leading to an increased use of cosmetics and personal care in that growth in market will be at a more rapid pace than in the United States.

As for the United States, operation for the future is predicated on the continuously improving performance by the industry since 1955 as well as on forecasts that by 1965 the over-14 population will be at least 175 million, which will show increasing disposable income which should be $35 billion. In addition, the refusal of women as age is approaching prematurity has created tremendous demand for products to soothe and prevent the skin. According to the United States Bureau of Census, the 45-and-over female population in the United States is estimated to increase from 23.5 million in 1955 to 30.1 million by 1960.

John & Fink is engaged in the manufacture of more than 500 cosmetic and toiletries products. It is best known for its Lysol Disinfectant, Etiquette Deodorants, Hinds Hair & Aluminum Fragrance, Renna San Hair, Dorothy Gray products (skin creams, hair and scalp treatments, special skin treatments and make-ups, perfumes, lotions, hair lotions, fumes, and cosmetic sets), etc. (deodorants, toilet specialties, make-up specialties, hair specialties and skin treatment items).

Its products are mainly distributed through wholesale drug channels, department stores, pharmacies, drug chains, large chains and (in bulk) to hospitals and institutions. Its principal plant is at Lincoln, Ill. Other manufacturing, general office and research laboratories are at Bloomington, Minn., N. J., Foreign manufacturing facilities are maintained in company-owned plants in England, France and Germany while other facilities are leased in Canada, Brazil and Argentina. The company's packaging is conducted on the premises of agents in 11 countries. Additional emphasis on research, primarily on germicidal and disinfectant products, is being concentrated in the German subsidiary.

Because a large percentage of the company's cosmetic business is in skin care items, the company is turning its attention to more and deeper research into the fundamentals of the skin and into basic medical research. Grants have been made by the research departments of some of America's leading medical schools, and other grants are in prospect to further dermatological knowledge. This is in addition to all new and improved products for systematic use in the company's growth strategy.

It is apparent that the investment merits of this company's stock have not been fully realized by the investing public. As the cosmetic industry continues to grow and prosper and the application of sound business methods coupled with the alertness necessary to capitalize on future trends, bringing acquisition and long-term success, the stocks of the company should continue to out-perform the general market. Lehn & Fink now has both of these advantages. It is recommended to all investors interested in high potential growth and high capital gains potential as well as its very attractive current yield.

KENNETH E. MANGUM
Hrabowsky & Henderson
Los Angeles, Calif.

Colo Electronics, Inc.

The company, representing "The Security I Like Best" has distinguished itself as a leader in the dynamic growth of the electronics industry. The leadership has been established in part through its management headed by Mr. LaMotte T. Cohn. Mr. Cohn is widely known for his progress in the company from 1948 to 1962, now a division of Trans-World Airlines Dynamar Corp. Prior to that he was president of Trans-World Airline Inc.

Colo Electronics, Inc. has grown into a network of five compatible divisions at Bloomington, Minn., to which Mr. Cohn stopped in as president in 1951. The company started in San Diego (California) under the name of Kalbstoll Laboratories, Inc., in 1947, the outgrowth of a partnership started in 1945. The name was changed to Colo Laboratories, Inc. in September 1954, Kay Lab was then liquidated in 1955, and all assets and liabilities were acquired as a share-for-share basis by Colo.

22.9 1.20 5.3 0.58 12-14

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Keynes's "Greatest Achievement!"
BY HENRY HAZLITT

Mr. Hazlitt explains famed Say's Law of markets which basically holds that overproduction of all commodities is not possible and that purchasing power flows out of production. Depicts as fundamental Keynes's fallacy his attempted refutation on the ground that consumer purchasing power must be maintained above the supply by government. Charges British economist opposed the valid classical principle only in a sense which important economist ever held it, and involved himself in self-contradictory contentions.

We come to Keynes's famous "refutation" of Say's Law of Markets. Some of his admirers regard this as alone securing his title to fame: "Historians fifty years from now may record that Keynes's greatest achievement was the refutation of Anglo-American economics from a theoretical dogma, and they may even conclude that this was essentially a work of negation unmatched by comparable positive attempts. Even, however, if Keynes were to receive credit for nothing else... his title to fame would be secure... (Yet) the Keynesian attacks, though they appear to be directed against a variety of specific theories, all fail to the ground if the validity of Say's Law is assumed.

It is important to realize, to begin with, that a mislabeling has pointed out, that what is called Say's Law is not originally designed as an integral part of the classical economic but as a preliminary -- as a refutation of a fallacy that long preceded the development of economics as a recognized special branch of knowledge. Whenever business was bad, the average merchant had two explanations at hand: the evil was caused by a scarcity of money and by general overproduction. Adam Smith, in a famous passage in The Wealth of Nations, explained the second of these myths. Say devoted himself to a refutation of the second.

A Modern Definition

For a modern statement of Say's Laws, let us turn to a recent American economist: "The central theoretical issue involved in the problem of post-war economic adjustment, and in the problem of full employment in the postwar period, is the issue between the equilibrium doctrine and the purchasing power doctrine.

"Those who advocate vast governmental expenditures and deficit financing after the war as the only means of getting full employment, separate production and purchasing power sharply. Purchasing power must be kept above production if production is to expand, in their view. If purchasing power falls off, production will fall off.

"The prevailing view among economists on the other hand, has long been that purchasing power grows out of production. The great-producing countries are the great consuming countries. The twentieth century has consumed vastly more than the eighteenth century because it produces vastly more. Supply of wheat gives rise to demand for automobiles, shoes, silk, cotton goods, and other things that the wheat producer wants. Supply of shoes gives rise to demand for wheat, for silk, for automobiles and for other things that the shoe producer wants. Supply and demand in the aggregate are thus not merely equal, but they are identical, since every commodity may be looked upon either as supply of its own kind or as demand for other things. But this doctrine is subject to the great qualification that if the considerations must be that there must be equilibrium."

Keynes's "refutation" of Say's Law consists in simply ignoring this qualification.

No General Overproduction

There is no need to go on and point out that Say's Law whenever anybody is foolish enough to deny it. It is in itself, essentially a negative rather than a positive proposition. It is essentially a negative of a fallacy. It states that a general overproduction of all commodities is a real evil. Any economy that is all, basically that, it does assume.

Haberler is right in so far as he denies the belief of Keynes (and such disciples as Sweezy) that Say's Law "still underlies the whole classical theory, which would collapse without it" (General Theory, p. 19). It is true that Say's Law is not explicitly needed in the solution of specific economic problems if its sufficiency is tacitly taken for granted. Mathematicians seldom stop to assert that two and two do not make four. They do not explicitly build elaborate solutions of complicated problems upon this negative truth.

This is a third and final excerpt from Mr. Hazlitt's forthcoming volume, The Breakdown of Keynesian Economics, which will be published by the D. Van Nostrand Company, EDITOR.

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Observations...
By A. Wilfred May

Another Speculative Straw
To be added now to "the straw wire" we have cited as man-made woe. A recurring one—is the proclivity to race after the industries on the basis of their seasonal activity. Thus, there comes to hand the current brochure from the research department of a leading Stock Exchange firm which habitually points only the product of its most painstaking analyses. Captioned "Seasonally Varied Stocks," it lists "issues of companies whose activities should be buoyed by the approaching fall and winter months—this is the time of the year when many entities record their most active sale periods." Included among such "timely" industries are retail store, shoe equipment, home furnishings, toy and general gift specialties, radio and TV, and airlines. Surely much of the excitement of the moment is trying to outgaze on the crowd that the rest of the community are fools who will be养老 the betting on fancies that are of such obvious ephemeral, constitutes the opposite pole from true investment considerations.

Current Stock Dividend Developments
Since dividends on the stock during the past fortnight, it happens that two significant developments directly bearing on the question have occurred. A proposed reduction in the capital stock, and with it, the cost of the annual dividend, is developed by a leading commonwealth Edison company that if approved should affect about one additional dividend payable to the stockholders. The principal feature in the proposition is to exchange one stock for a share of the new stock, each exchange bringing up the amount of the old stock. This, according to early reports, is a common experience.

Present (1957) cash dividends of the company, with the exception of the miscellaneous companies, which are on the books, would be serving any more cash than if it adopted a similar dividend. The present stock dividend is 2% cash dividend on the old shares, or $2.30 per share.

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Dividends
The Dilution Factor
On the interesting question of utilization impact of the stock dividend, we have received the following communication from A. Austin Barker, senior economist of the Cleveland Electric Illuminating Company. Mr. Barker's analysis, "Evaluation of Stock Dividends" in the Harvard Business Review of July-August was cited in our column, "A Breakthrough in Dividend Mythology" published Aug. 23.

DEAR MR. MAY: It was a pleasure to read your interesting comment on the evaluation of stock dividends. I was particu¬larly interested in a point which you raised which has never been mentioned with respect to the New York Stock Exchange, the reducing the indicated rate by the dividend so that the stock dividend—the stock dividend—of the exchange is the same as the price of the existing stock dividends is reflected in the first sale after the announcement of the small investor.

H. P. Carroll joins J. Huey & Co.

Sensitement this week continues to reflect the improvement shown in current reports coming to hand on business and industry. Sentiment level is currently expected to reach the highest pace of the year at 65.4% of rated capacity. In a review of the cash markets, there was a special feature of the week was the firm's move toward a tighter steel market but added "It would not halt the upward momentum" of the market. A broad cross-section of industry, while automotive companies have tended to drag their feet, if it has been imposed on a company's outlook for capital spending, along with a better tone in appliances and more buying of equipment by the farmer. In retail, the total dollar value last week was 1% below to 3% higher than at the same time a year ago. Shoppers continued to hold the balance of furnishings buying held at an even pace, with over-all retail volume equal or slightly ahead of the similar week last year.

An upswing of employment in seasonal industries cut the number of workers turning unemployment compensation for the sixth straight week, the United States Department of Labor reported.

It pointed out that 2,175,000 workers were drawing unemployment compensation in the week ending Sept. 25, compared with 2,300,000 more than in the like week a year ago. Part of this reduction also came from the exhaustion of unemployment compensation benefits.

Department figures also indicated that new layoffs declined during the week ending Sept. 25. Initial claims for unemployed workers were 254,000, 254,000 from the previous week to 275,100, the lowest since late October, 1957. Ohio, Michigan and Wisconsin were the states with the most new layoffs. The Chicago and Detroit locals saw the most new job losses.

States paying additional benefits provided by the Federal government to workers whose unemployment compensation ran out paid a $13,200 in the week ended Aug. 23. Most of the total was in Michigan, New York and California.

Workers getting unemployment compensation for the week ending Aug. 23, 1958, made up 2% of the labor force and was the lowest since December and compared with 3.3% the week before and 2.8% in the like period 1957.

In the steel industry, delivery promises are stretching out steel and users are becoming uneasy, "The Iron Age," national metalworking weekly, stated in its release yesterday.

Steel users, noted, are beginning to realize they cannot hold steel, in storage, by forcing mill deliveries. In many cases they have started to rebuild their stocks as a hedge against a further steel shortage. "Steel plant managers ... watch the policy of inventory cutbacks that prevailed earlier this year," the magazine reported. Some of our customers are again ordering in larger lots. The result: mill orders, workers seem to be jumping back to "steel," hoping to get supplies.

This trade weekly declared that in the Midwest cold-rolled sheet orders are on the books for late October and November deliveries. "In many cases orders have come out from the current 2-4 to 5-6 weeks in a few weeks.

With 10,000 orders, a sheet mill a few hundred orders could be ordered enough October to allow for most of the expected 20% improvement over August shipments.

It further pointed out that an automotive strike would slow the trend toward a tighter steel market, "but it would not halt the upturn completely." The reason, it declared, is that the improvement has come from a broad cross-section of industry while automotive companies have tended to drag their feet.

The magazine pointed to the improvement for capital spending, a bigger tone in appliances, and more buying of equipment by the farmer.

The improvement in the steel market, stated "The Iron Age," was due to the previous months in the Midwest and has since moved eastward to include Pittsburgh and mills further east.

Further, in a situation that involved predicting a steady increase in shipments through October, but there is a certain amount of finger-crossing. The auto companies have said they will be back into the market for bed frame tonnage in October and some of this tonnage has been booked. Detroit still seems to be getting behind in filling orders.

But even if the automotive market takes hold and there is no strike, steel shortages if any, will be temporary and regional. The steel industry's backlog is still below the level of the second quarter of this year. There is plenty of capacity available and only the steel users who let their inventories fall below reasonable levels will be pinched, continues the magazine.

Total manufacturing and trade inventories fell further in July, but the decline was less than the monthly average in the second quarter of this year, the United States Department of Commerce reported.

The book value of total manufacturing and trade inventories at the end of July was $522,000,000,000, 000,000 from $532,000,000,000 at the end of June. The seasonally adjusted annual rate of change in the dollar volume of all goods in stock on hand was 5%.
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Money and Banking and Our Economic Well Being

By ALLAN SPROUL

Former President, Federal Reserve Bank of New York
New York City, March 6, 1958

F ormer New York Central banker doubts present recession has endangered the long-term growth of our economy. The well-known banker warns "power groups," however, that if they ignore the rules of self discipline and internalized restraint it would be dangerous and might be that "dramatic and bankrupt make to our economic well being," Mr. Sproul: (1) links our banking system to an archimedean structure which relies on leverage to do its work; (2) refers to controls of the Federal Reserve Bank for making policy into action; and (3) counsels against periodical attempts to bathe the country in a sea of "Easy Money" and to subordinate the Federal Reserve to narrow personal gain.

When nails were principal stores of wealth and the medium of exchange, money had utility as well as value. It could be used to make shoes, for example, or to pay for goods and services. But this sort of utility is not its purpose in today's economy. Here, it is the balance wheel in much of the world for a long period. The yearly accrual of gold from mines, which moved into the monetary reserves of the principal trading nations, was a rough sort of balance with the world's expanding stock of goods and services. This somewhat haphazard contrivance became less satisfactory as agricultural and manufacturing processes accelerated, and trading relations between people and nations multiplied and became more complex. There was no ordained reason why the new supply of gold should always equal the monetary needs of the world, and it didn't.

The real money man¬
agers came in, and they have been playing their unhappy role ever since. They are the monitors of money and credit and, as one writer puts it, the "administrators of the legislation of (any) economic activity is without doubt the most impor¬
tant and unwielder of public endeavors." The money managers influence on economic enthusiasm when everyone else is eager for another whirl of credit. If the excesses of a boom are fol¬
ed by the multitudes of a reces¬
sion, the money managers are there to explain the mistakes. And, when "easy money" does not solve the problem of production and rising unemployment, the money managers are attacked as imprudent and meddlesome nudders at worst.

In our country this unhappy role falls to the Federal Reserve System, which came into existence in 1914 as a result of a legisla¬
tion of the time. The Federal Reserve System does its job, mainly, through the widely dispersed commercial banks of the country. The com¬
mercial banks are the channels through which central bank action reaches agriculture, commerce and industry, and the ubiquitous man in the street. I am not going to try to describe the Federal Re¬
serve System. There are several attempts will again be made. But I will try to keep it simple.

In our country this unhappy role falls to the Federal Reserv

An Archimedean Structure

In a sense, our banking system is an archimedean structure. It relies on leverage to do its work. The sum of all banks' fractional reserve requirements, or prorated volume of a bank's deposits and, therefore, of the commercial banks, is obviously not much more than the central bank's national credit policy. It is chiefly by working this lever that the Federal Reserve System is able to siphon off its reserve portfolio that national credit policy begins.

Many things can alter the re¬
seves of individual commercial banks, of course, and of our entire monetary system, from day to day and season to season. But only the Federal Reserve System has control of these reserves in the hands of the reserve system. It's a simple portfolio of reserves available to the commercial, directed directly by the administration of a variety of aspects, and in accordance with the central bank's explicit and cyclical and long term growth needs of the economy for money and credit. If the reserves are increased by the Fed¬
eral Reserve banks, it may be by one million billion or whatever number of credits you want to use, the com¬
mercial banks must increase their reserves to the same degree. If the Federal Reserve reduces the quantity of money in the system, then the commercial banks must decrease their reserves. It is a simple and logical argument and it is one that has been used by many of the Federal Reserve System's critics. But, if the Federal Reserve increases the money supply by one million, it is equally logical to argue that the commercial banks will increase their reserves by the same amount. It is a simple and logical argument and it is one that has been used by many of the Federal Reserve System's critics. But, if the Federal Reserve increases the money supply by one million, it is equally logical to argue that the commercial banks will increase their reserves by the same amount.

The Federal Reserve System's power to make money comes from this ability to pursue an independent course, directed directly by the nation's economic needs and the needs of the people. From its position within the Federal Reserve System, the position of which is the only one that is capable ofeffecting the necessary policy, the Federal Reserve System is able to adjust the reserve position of the commercial banks.

In short, the Federal Reserve System's power directly from the Congress and the President to affect monetary policy is a powerful tool for the government to use in order to control the money supply. The Reserve System has the ability to pursue an independent course, directed directly by the nation's economic needs and the needs of the people. From its position within the Federal Reserve System, the Federal Reserve System is able to adjust the reserve position of the commercial banks.

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complain much in the way of characterizing excessive buying risks because where it exists in these areas, and the scope of monetary activity may be limited, or its exercise complicated, by the debt management problems of the nation, these straws in the wind could be significant.

No Danger to Longer Term Growth

It has been and continues to be encouraging, however, that during the 1957-58 recession the old spiral of declining production, declining income, declining confidence, did not widen its circumference and increase its speed beyond tolerable limits. The cumulative pressures which cause recessions to degenerate into depressions have not appeared. That should mean that, although this recession may need some months in which to run its full course, the long-term growth of the economy is not endangered by what has happened.

In other words, the crystal ball is little cloudy, as usual, with respect to what is going to happen in the next six months, but reasonably clear as to what is going to happen in, say, the next six years, always barring destructive international developments. Just as in the case of the ending of a boom, there is no specific signal which tells you when a recession ends and recovery begins. Despite the identification of some early moving economic series, we cannot regularly and accurately forecast the precise timing of an upturn and the vigor of its movement. In such circumstances the monetary authorities, and the economic advisers, and all who would try to see what is over the hill, need whatever information they can get, analyzed as thoroughly as our economic and statistical knowledge will permit. And then they need a lot of horse sense, defined as the sense bornes have not to bet on human beings. Because what is going to happen now will depend mostly on the actions of millions of human beings as producers and consumers, as owners, managers and labor leaders, as spenders and savers, borrowers and lenders, politicians and private citizens. And we human beings are not yet fully expensive to the demands of our complex economy.

As a recent Rockefeller report phrased it, "The functioning of a modern city or factory (or plantation) is a miracle of voluntary cooperation that can only be accomplished by people who have developed deeply ingrained habits of playing the rules, of self discipline and of internalized restraint." If there are power groups in the economy which ignore the rules, which lack self discipline, and which fail to practice restraint in order to gain narrow and fleeting advantage, we shall fall short of that excellence of performance which must be our goal. In the contest of two worlds which marks our time, this would be dangerous and might be fatal.

Norby to Address Chicago Inv. Clubs

CHICAGO, Ill. — William O. Norby, Vice-President, Securities Department, Harris Trust & Savings Bank, Chicago, will address a clinical meeting of the Chicago Council of the National Association of Investment Clubs on Wednesda, Oct. 8 at 7 p.m. The Council's meeting, to be held on the trading floor of the Midwest Stock Exchange, will examine the problem of portfolio management—whether to hold or sell.

Emmett V. Collister, registered representative of Thomson & McElhinmon and adviser to the Chicago Council, will present the investment clubber's approach to this question. Mr. Norby will follow with the professional approach. Representatives of more than 500 Chicago area investment clubs are members of the Chicago Council, making it the second largest regional group in the National Association of Investment Clubs.

$350,000,000

Sears, Roebuck and Co.

4 1/2% Sinking Fund Debentures due August 1, 1983

Price 100%

(and accrued interest from September 1, 1958)

Upon request, a copy of a Prospectus describing these securities and the business of the Company may be obtained within any State from any Underwriter who may regularly distribute it within such State. The offering is made only by means of the Prospectus and this announcement is neither an offer to sell nor a solicitation of any offer to buy securities.

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Dean Witter & Co.

September 10, 1958.
General American Oil Company of Texas

BY DR. IRA U. COBLEIGH
Enterprise Economist

An aggressive acquirer of crude in the ground, and a highly leveraged stock with a splendid performance record.

The year 1958 has been sort of a year of stagnation, induced by the Suez seizure, heavy proration in Texas, import restrictions on oil, political unrest, and an upsurge in oil prices. The ultimate objective of all this is the profitability of the Arabian area. Acreage is a matter of the utmost urgency. There is an overwhelming desire to get back at the Sahara; Alaska; a new strike in Syria; and improving climate for exploration in the province of the oilmen—Argentina and Chile. And above all, the investor is in for something backed by considerable logic, and widely held among more sophisticated investors. One is the feeling that the oil in the ground is one of the very best hedges against inflation. If we assume this brace of premises to be valid, then one of the securities which already has a more than a passing look at it is the common stock of General American Oil Company of Texas. This company has spent 22 dynamic years shopping for underground oil and buying it cheap. And it has done a splendid job for its early stockholders with the shares, over a 10-year period, rising from a low of 3.4 in 1948 to 197 high of 47 ½; and today's price of around 40, a gain of over 1,000%. In your catalog of growing stocks, kindly include GAO.

In 1938 General American Oil Company of Texas was organized to acquire producing properties, and ambitions to become a significant factor in the local production of petroleum. In the first objective it pioneered in a unique vehicle of finance, which has since gained ground in the industry. It's called a "reserved oil production payment." The beauty of this device is that it is pleasant everybody. A party owning oil in the ground agrees to sell it to the buyer for $1,000,000. The known oil reserves are estimated to be worth about $2 million. The buyer pays $1,000,000—but it may be years before that substantial investment can be surfaced and cashed. So $1 million looks pretty generous immediately when it is treated tax-wise as a capital gain.

But the buyer, even though he's getting a long-term bargain, hates to shell out "all cash," particularly when there's a backlight way. So he pays up only $200,000 in cash and delivers to the seller a "reserved oil production payment" contract for 50,000 barrels of oil at 5% per year or log interest at 5 ½%. This payment has no maturity date; principal is reduced only as the oil is actually derivated and sold. Production will come, and it may be late, but ultimately the entire principal will be paid off out of actual production, with the 5% interest running on the unpaid balances in the interim.

Now why would the seller take a deal like this? Only 20% cash note looks like a short time to pay off? The answer is that this payment production payment is very valuable, and can be sold usually at or about its face amount so that the seller in reality gets all cash. And, reverting to the buyer, he (1) buys all the oil for only 20% cash, and (2) he's entitled to all the oil that can be produced if the $800,000 (and interest) has been paid off. Often new drilling on the property will vastly increase reserves and ultimate production; the existing wells may be increased by new addition, and secondary recovery techniques may add further production bonuses.

Through shrewd and continuous application of this highly leveraged device, which is neither a direct liability nor a fixed obligation, GAO has, up to now, acquired over $140 million in producing properties with a cash outlay of only some $20 million. And the returns on this capital have been truly amazing. GAO has operated in every year at profit and, in 20 years, has increased its producing properties over 700% and net income over 1,700%.

Today GAO is a large scale petroleum producer with a net production of 5½ million barrels in 1957 (up from 3½ million in 1956). Thus one year's production alone would be enough to liquidate (at present prices) all the outstanding principal amounts of production payments. Proven oil reserves are now estimated at 111 million net barrels; natural gas at about 300 billion cubic feet.

GAO operates in 15 states and in Canada, owning 2,960 net wells. In addition to actual production, GAO is active in exploration and development. In these operations, it aims to minimize its own cash contributions through farmouts, and its preferred arrangement is one where by it has a 50% net profits interest, with the partner assuming all drilling costs.

In Canadian operations, GAO works through two corporate vehicles, General American Oils, Ltd., 65% owned subsidiary, and Fargo Oils, Ltd. (50% interest is represented by ownership of about 28% of the 8.4 million shares of outstanding common). Major Canadian acreage includes a 46% working interest in 400,000 acres in British Columbia with bright prospects and substantial present gas production geared to a 27 year delivery contract with Westcoast Transmission. GAO Ltd. acquired this, Fargo has 176 producing wells in Saskatchewan, Alberta and British Columbia, and three million acres in British Columbia alone on an optionary farmout with approximately a 25% net interest; and about 60,000 acres in the GAO has been active in. Alberta under an exploration agreement with C. W. Stewart, whereby they will spend $2 million drilling development and, and Fargo will collect 50% of the net. Both GAO and Fargo Ltd. are operating together and GAO already has a market profit (over book cost) of some $12 million in Fargo holdings.

Other holdings of GAO include 70% interest in a syndicate for oil exploration in Spain; and entire ownership of the American Pipeline Company operating 156 miles of gathering line in West Texas; and owning 8.4 million acres in East Texas, with a 10 year record of sustained profitability. The outstanding success and burgeoning growth of GAO stem mostly from intelligent application of financial leverage (in the order of about 6.7 to 1) but from a highly competent and oil-wise management led by Aligr H. Meadovs, founder of the company, and now Board Chairman, and Gordon Simpson for many years counsel, and now President. GAO has also been benefited by long-term relations with Republic National Bank of Dallas (a major commercial bank with a long record and special talents in the field of oil financing). Republic National Bank has arranged most of the reserved oil production payments for GAO. (In Canada similar financial arrangements have been most effectively worked out with the Royal Bank of Canada.)

Another point of interest about GAO is the low labor factor. This in age of steadily rising labor costs and escalating clauses, it is nice to see a company who total payroll is only 13% of gross operating income. That's the ratio GAO. With cost factors so well controlled and an extremely low tax payout, GAO common has not only considerable attraction. There are presently outstanding 94,300 issued and outstanding, of which 82,300 are held by N. Y. S. R. Current dividend policy is to pay 40 cents in cash and 25% of net earnings, so is signed to conserve cash resources and to recognize growth in net worth through retained earnings. In addition, a further 15,300 shares are held by Preferred shareholders, and no warrants and is very strong against dilution of the shareholders equity.

Under economic conditions now prevailing and management might appear that the long-term market of crude is up. In that case, oil in the ground looks like a worthy asset, and a sensible inflation hedge. One of the most effective ways of owning oil in the ground, and sharing in the continued growth of a soundly managed enterprise might be to join in 5,000,000,000 shares of GAO. Earnings may dip a little this year (below the $2.97 of 1957 due to proration), but that shouldn't disturb the long-term upward trend.

Baker, Simonds & Co.

To Be NYSE Member

DETOIT, Mich.—Baker, Simonds & Co., Inc., Buhl Building, members of the Detroit Stock Exchange, on Sept. 18 will become members of the New York Stock Exchange. Officers of the firm are Ralph W. Simonds, President; Lewis C. Kestan, Vice-President and Treasurer; Jefferson W. Baker, Claude G. Porter, Maurice D. Drucker, Vice-Presidents; Paul G. Chester, Secretary; William E. Bauble, William J. Frenen, William L. Hurley, and Frank J. Keogh, Jr., Assistant Vice-Presidents; and William B. Hilliard and George E. Potter, Assistant Secretaries.

Now Alkow & Co.

The firm name of Henry Mentor Associates, Inc., Exchange Place, New York City, members of the New York Stock Exchange, has changed to Alkow & Co., Inc. Jacob M. Alkow is President.

F. L. du Pont Branch

PHOENIX, Ariz.—Francis L. du Pont & Co. has opened a branch office at 411 North Central Avenue, under the management of George F. Stoebel.
Mr. Babson reviews the highlights of the three Federal laws recently passed to help small business, and discusses the most significant of the three laws.

At last Congress has gotten around to doing something for small business. Three major bills designed to give small business a break have been enacted. Here are the highlights of these new laws.

Included in this year's tax law revision is the most far-reaching, of all permits an individual—or a corporation—to treat an ordinary loss, rather than a capital loss, any investment loss up to $25,000 on an individual income tax return. And the law also extends this break to the corporation. The break is to a total of $50,000 on all corporate income tax returns. Of course, this ordinary loss treatment is restricted to original purchasers of common stock as the businesses. Transferees of the original purchaser may not claim this privilege.

In addition to present depreciation formula, a separate first-year allowance of 20% of the value of the depreciable property up to $10,000 is now provided. This allowance is to be allowed to the extent that the gross income of the business exceeds 20% of the gross estate, Federal estate tax rate. These changes may be spread over a 10-year period. Payment may be made in 10 annual installments plus interest at 4% per year on the unpaid balance. Congress has also raised the loan limit of the Small Business Administration from $250,000 to $500,000 and elevated this bureau to a permanent government agency. Those borrowing directly from this agency get a break, too, for the SBA maximum interest rate on its short- and intermediate-term loans is reduced from 6% to 4 1/2%.

Small Business Investment Act

To my mind the most significant legislation affecting small business is the Small Business Investment Act. This is an unprecedented step toward overcoming one of the greatest handicaps facing small business today, namely its inability to obtain capital for the equity and the long-term capital it requires.

Investment companies whose primary purpose is to provide venture capital for small and emerging companies, organized by 10 or more persons. Each company must be chartered as a business or the equity and the long-term capital it requires.

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How Banks Are Doing in 1958

By MORRIS A. SCHAPIRO*  
President, M. A. Schapiro, Inc., New York City

In the 1960s, the concept of 'inflationary operating costs' was frequently discussed. The text below discusses the impact of inflation on banking operations.

Let us identify the profit margin of a bank as the differential between the interest rate earned on its total loans and investments and the interest rate required to just break even. To illustrate, we will refer to the major New York City banks, of which there are many. In 1957, for example, the New York Clearing House Bank as a group realized a rate of 3.76% on their total loans and investments. This exceeded the required break-even rate of 1.46%, yielding a differential of 2.31%, or a profit margin of $23.10 per thousand dollars of loans and investments.

This profit margin of $23.10 is only one of the three factors basic to our formula for bank earning power. The other two factors are the volume of total loans and investments expressed in thousand dollars of loans and investments. The profit margin trend aggregated by the member banks of the New York Clearing House Bank for the two-year period June 30, 1957-June 30, 1959, showed a decline in the rate of 4.06%.

To compute the interest rate or yield required to break even, operating income, that is, the interest rate earned on total loans and investments, would be divided by the sum of operating income and operating expenses. This leaves a dollar profit which must be met by margin (operating income minus operating expenses). The margin is determined by the ratio of the excess of the interest rate earned on total loans and investments over the sum of operating income and operating expenses.

The margin trend of New York City bank group from the break even rate of 1.46% in and June 30, 1957, to the break even rate of 2.31% in and June 30, 1959, is a decline of 2.85%. This decline, if continued, would result in lower earnings for the New York City bank group in the future.

New York City as an Example

Despite gains, however, have not been uniformly. Disparities occur, geographically, by size and type, and individually from bank to bank. To illustrate, in the period from June 30, 1957 to June 30, 1958, the Federal Reserve member banks in New York City increased their deposits 15.0% against 5.7% in total loans of the country. In total loans of New York City gained 16.2%, compared to 6.1% for all other member banks. New York City was net, of course, the only center, other beneficiaries, too, had important gains.

At midyear, the New York Clearing House banks had loans of $14.7 billion and investments of $10.3 billion. The total of $24.7 billion was $3.5 billion, or 15% greater than the $21.2 billion average for 1957. The effect on earning power of the new high level of earnings assets, as well as any profit margin improvement, can be readily calculated by the formula.

In estimating New York City bank earnings for 1958, we must consider (1) the money market reversal to higher rates, and (2) the sharply higher level of loans and investments. Although the profit margin trend is again unfavorable, the improvement from the first six months figure of $31.0 million will be gradual because of the lack of a trend to cut down the rate of earning power.

To safely estimate net operating earnings for 1958, we would assume that the 1957 level of earning power was maintained.

Thus, the $273,600,000 earned in 1958 in the City of New York, or 2.4% over 1957, would be shown as follows: $273,600,000 (2.4% over 1957) divided by the 5.7% earning power of New York City banks for the second quarter of 1958.

Thus, the 3% of the $273,600,000 earned in 1958, or $8.30 on each $100 of deposits, would be the result.

Small & Company Is Formed in Wichita

WICHITA, Kansas — Small & Company Inc. has been formed with offices in the United States, and in Mexico, to engage in a securities business.

Paine, Webber Adds 2 Names

HARTFORD, Conn.—Irving L. Knight has been added to the staff of Paine, Webber, Jackson & Curtis, 111 Pearl Street.

Diamond, Turk Admits

ADELE Diamond and Nathan Bernosh have become partners in Diamond, Turk & Company, 30 Pine Street, New York City, members of the American Stock Exchange, on Sept. 3.

With J. H. Goddard & Co.

J. H. Goddard & Co., a subsidiary of the Boston Symphony, has been acquired by J. H. Goddard & Co., 8 Devonshire Street, members of the Boston Stock Exchange.

Blyth & Co., Inc.

Dean Witter & Co.

The First Boston Corporation

Merrill Lynch, Pierce, Fenner & Smith

Eastman Dillon, Union Securities & Co.

Glore, Forgan & Co.

Harriman Rigsby & Co.

Goldman, Sachs & Co.

Kidder, Peabody & Co.

Lazard Frères & Co.

Smith, Barney & Co.

F. S. Smithers & Co.

Stone & Webster Securities Corporation

White, Weld & Co.

*By Mr. Schapiro before American Institute of Marine Savings Banks, Atlantic City, N.J., Sept. 3, 1958.
Savings—The Secret of American Growth

By NORMAN STRUNK

Executive Vice-President of the United States Savings & Loan League, Chicago, Ill.

Mr. Strunk discusses the savings habit of Americans; describes its importance to economic progress and warns against the high rate of personal savings that it is their job to figure out ways to induce reluctant consumers to part with their funds; and advises savings institutions they too will have to be imaginative.

The following contrasts today's "demonstration of savings" with past channels of savings flow to American industry and users of capital; traces the growth of institutionalization of savings and the development of indirect investments in securities as the important source of external financial capital; and refutes the over-saving thesis.

I would like to refute the claim "Necessity is the mother of invention," at least so far as America is concerned, and attempt to demonstrate: the saving habit of Americans is a born-in-the-belly-of-invention.

I do not pretend to be a historian, but I think you need to have graduated as a historian, if you hope to know that the saving habit of Americans was born as the result of a historical necessity that had to be fulfilled by their way of life.

Savings and America

The cause and effect relationship between the high standard of living is especially vivid in America. There are three things that made this country great: (1) Natural resources; (2) efficient labor supply; and (3) savings. These resources were a necessary prerequisite to increase production and, through increased production, to the standard of living. But it was not for savings, our resources would have been left unused and it would have been put to waste.

In modern times there are countries where nature is abundantly available (such as India and China) but because the standard of living cannot even be compared to ours. There are countries with abundant natural resources but with a very low standard of living (such as Russia) until very recently and today.

In comparing our nation with others which have ample labor force, it is clear that we have not saved, we find that savings are an essential part of national strength. And if we do not have the "mother of invention," they are certainly the step by step savings and the development of our culture.

Improvement in productive facilities and better work, efficiently functioning government, banking and housing industries, schools, parks, and hospitals are like the man or woman who actually do produce more than they consume—that is, they show that the saving habit of Americans has saved.

Ours has always been a thirty-hour week country. We had our earnings such as we ore on the balance sheets of our financial institutions today, but they worked for 70 hours a week, and the result is that the number of productive workers has increased significantly. The result of this is that the American people now have a higher standard of living and the prices at which they are trying to sell them. In a money economy, when they are producing durable goods in large volume, we must accept the reality of cumulative tendencies toward the cost level we put into our products (and there is no end in sight), where the money supply has peaks and valleys. Such a situation can arise even without seriously impinging on things I don't think we want impinging on wages, the demand of, and economy of population.

History of Savings in America

If I have now convinced you of the importance of savings to America's prosperity, let me assure you, to agree that it should be worth your while to go into the history and current nature of savings—why people save, where people save, what is the origin and development. The people of America are made available by the government to finance new factories, new housing projects, and new schools. You might also want to know how to encourage people to withdraw their savings from their savings accounts and buy more durable goods. There have been some very significant developments in the last few decades in the savings habits of Americans. In the way in which these savings are made available to American Industry, as other nations have done. We have had what we might call a depression but that term expresses the fact that millions of dollars of savings have to save money and actually are saving and thus providing the capital for the growth and progress of that nation. Much of the savings of Americans, that have been made available to the users of capital through financial institutions, have in fact been provided to the users of capital through financial institutions. If the economists refer to organizations such as the American Savings and Loan Association, life insurance companies, pension plans and mutual funds.

In its early years, the United States and its capital requirements or obtained savings funds from two principal sources: (1) the growth in the saving of foreign investors. Fiscal data is hard to come by, but we do know that European capital, which is uninvested in the United States, is in the amount of $34,000,000,000 in those days and a big part of the total investment in the United States commerce. A lot of that t$ seven, on the other hand, was American savings.

We don't need any data to convince us that the foreign investor provides the savings that are the secret of American economic life. You can imagine the state of the American industrial and commercial sector industry, such as the electronic industry, being dependent upon foreign capital for its success were it not for the American savings. It is a fact that relatively speaking, it is a fact that the savings and loan associations have put more money into your hands than in any other way of doing business.

Savings, which are always a fund of liquidity for the consumer can cast his ballot. And, in this way, a whole range of aggressive savings institutions, is a fact that is often said. They can be sold and merchandised and that the savings and loan associations are the heart of the economy. If you go with these dollar-vote savers and loan associations in our economic election.

The fact that Americans have built a financial system which is secure, is invaluable, is the competitive advantages of savings institutions in the marketplace. If you have had millions of dollars in savings needs, such as the education of children, the health of the parents, or a vacation (fully paid for) are desirable goals, then they have the right to enjoy them.

If businessmen have the time to sell, they will take advantage of the opportunities and the low cost. All these factors are true, and so, the economy of population.

In the early years, the United States and its capital requirements or obtained savings funds from two principal sources: (1) the growth in the saving of foreign investors. Fiscal data is hard to come by, but we do know that European capital, which is uninvested in the United States, is in the amount of $34,000,000,000 in those days and a big part of the total investment in the United States commerce. A lot of that t$ seven, on the other hand, was American savings.

We don't need any data to convince us that the foreign investor provides the savings that are the secret of American economic life. You can imagine the state of the American industrial and commercial sector industry, such as the electronic industry, being dependent upon foreign capital for its success were it not for the American savings. It is a fact that relatively speaking, it is a fact that the savings and loan associations have put more money into your hands than in any other way of doing business.

Savings, which are always a fund of liquidity for the consumer can cast his ballot. And, in this way, a whole range of aggressive savings institutions, is a fact that is often said. They can be sold and merchandised and that the savings and loan associations are the heart of the economy. If you go with these dollar-vote savers and loan associations in our economic election.

The fact that Americans have built a financial system which is secure, is invaluable, is the competitive advantages of savings institutions in the marketplace. If you have had millions of dollars in savings needs, such as the education of children, the health of the parents, or a vacation (fully paid for) are desirable goals, then they have the right to enjoy them.

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If businessmen have the time to sell, they will take advantage of the opportunities and the low cost. All these factors are true, and so, the economy of population.
Current Economic Trends And Savings Banking

By Dr. Grover W. Ensley
National Association of Mutual Savings Banks

Savings bankers are forewarned by their economist that continuation of recent turnaround in capital market yields may be threatened by rising costs of living in the months ahead. This is said to involve a shift from finding suitable investment outlets to choosing among competing investment opportunities in line with such a financial trend change. Economists point out that conditions are exaggerated, and as almost paradoxically, some of the inflationary outlook views currently manifested, and sees in the current inventory liquidation slowdown an encouraging sign of a bulwark against continuing inflation.

Economic Complacency Is Not Justified

Notwithstanding the many plus signs on the economic scene, this is hardly time for complacency among business, financial and government leaders. True, the quickness of the turnaround has been surprising; so far the shape of the recovery looks more like a V than the U that many expected, with a fairly prolonged or recessionary period, if not altogether, we still have a fair distance to travel before regaining pre-recession levels.

Industrial production is still 10 percentage points or so below the peak of last August; gross national product is probably more than $15 billion under the level of the third quarter of 1957; corporate profits are well below pre-depression levels; and the rate of steel production is still little more than 80 percent of normal. In housing, it is important while viewing recent gains, not to overlook the fact that we are still behind the level of production reached some four to five years ago, and still well below the peak 1955 volume.

It is perhaps most aptly to call attention to the fact that recent economic gains have still left unemployment at 5 million persons above the level in the summer of 1957. Even if we were to regain pre-recession levels of output and employment, our real economic problem will be no less troublesome. In this connection, economists expect the nation's total output of goods and services, including amortization of capital for the largest part of the entire decline in economic activity during the postwar period.

Current indications are that inventory liquidation will be cut to about half of the second quarter rate and that liquidation will be completed by the end of the year. When business begins to stabilize, the possibility of further increases in production may arise.

Meanwhile, other major measures of aggregate economic activity are showing signs of springing into action. Consumer expenditures, which were well maintained throughout the recession, have been rising this summer. Wholesale prices, which have generally stabilized at a high point, have dropped, and department store prices have increased sharply in recent weeks. The March to July average of 1947-49 average from 130 in June, and the indicated figure for August, is expected to be well below the previous level. This, together with the increases in expenditures by consumers has increased the rate of growth of consumer incomes, which, by July, had surpassed the pre-recession level and probably rose to record highs in August.

The renewed strength in construction and particularly in the housing market has been one of the brightest spots in the recent economic revival. Reflecting in part the availability of Federal mortgage programs in early August, which have been mildly reducing interest on mortgage loans and borrowing costs to borrowers. Demand for housing in excess of production in preceding years, has strengthened, and the volume of housing starts in the first quarter of this year, will fall approximately 20 percent of 1959, to an annual rate of close to 1.2 million, and be below 1957 level by over 800 thousand in late winter.

Perhaps the major factor still holding down current business expenditures for new plant and equipment is the reluctance of business to invest such capital spending, which fell more than $3 billion between the third quarter of 1956 and the first quarter of this year, will fall another approximately 20 percent of 1959, to an annual rate of close to 1.2 million, and be below 1957 level by over 800 thousand in late winter.

The basic question is whether we can achieve economic growth without surrendering to the forces of inflation, principally of the persistent, crop of excess industry, and perhaps, most serious, of the economic depressions we have experienced in the past.

Inflationary Implications of these events are not to be minimized. Just the realities of the present economic situation suggest an over-estimation of their impact. In the inflation that we have experienced is almost paradoxical to speak of the problems of inflation. The industry, widespread unemployment, and markedly increased costs of living, including essentials such as agricultural crops, most serious inflationary type. Further, while prices at the consumer level did not soften during the present recession, the increases in food prices, prices at the wholesale level, prices of industrial raw materials, dropped substantially and are now well below earlier peak levels.

It would have been salutary, of course, if the Federal Reserve Board had not been required to increase interest rate adjustments at all levels during the recession. The large area of economic activity that the Federal Reserve Board has had to adjust to the pressures of inflation and the Federal Reserve Board has had to adjust to the pressures of inflation.

Our money managers have an unusually difficult and responsible task and are faced under criticism from one quarter or another. We have been given too much credit or blame, as the case may be, for the state of the economy.

Stones & Webster Securities Corporation

Weight, C. F. Smith, Barney, & Co.

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Stone & Webster Securities Corporation

White, Weld & Co.

Dear Witt & Co.

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

New Issue

September 10, 1958

$35,000,000

Texas Eastern Transmission Corporation

First Mortgage Pipe Line Bonds, 5% Series due 1978

Price 99% + accrued interest from September 1, 1958

Copies of the prospectus may be obtained from each of the underwriters (who are among the principal managers of the issue) or from the Corporation, at their several offices under applicable securities laws.

Dillon, Read & Co. Inc.

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Eastman Dillon, Union Securities & Co.

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Stone & Webster Securities Corporation

White, Weld & Co.

Dear Witt & Co.
Freedom and the Challenge To American Management

By H. Rowan Gaither, Jr.*

Chairman of the Trustees of the Ford Foundation, N. Y. City

Chairman of Ford and the "Gaither report" mines no words in calling for national purpose and positive goal of our society. The author, the up-to-the-date all-pervasive Soviet threat, by all societies of society—particularly

larly at the managerial levels. Traces significant areas of management responsibility in the preservation of our society's freedoms and the ends of brains for public service, and warns "there is no economic Fortress America, any more than there is an impregnable military Fortress America." States role of management may help "the case of success or failure of the free way of life, as we have known it, which is said to be in jeopardy at this moment.

It would be nice, as usual, to feed it to the machine and forget about it. But there is an endless series of economic, social, political, and even military exigencies that demand the management of human society (said Britain's Lord Halsham this week). "The crisis of Englishman as our own. And it is against this backdrop that management must execute its role of management.

We think of man's right to be free and be able to leave the socialist system of civilization. As men of justice, as stewards of society and of our own freedom of human beings, let us not lose sight of the realistic recognition of the competition between freedom and totalitarianism. We need only to recall the Red reduction of the power of thought is denied us. Also, as men of the present, we must be realistic. To choose any position or policy that would fail to maintain the values of which we are deprived, we must be prepared to face the consequences.

The choice is not to rule. We do not seek some mysterious, superhuman guidance. Rather, we choose the circumstances by which we will be measured. This must be realistic. To choose any position or policy that would fail to maintain the values of which we are deprived, we must be prepared to face the consequences.

Our only choice as a people, as a system, as a nation is to defend the best that has been put upon us. Thus, we have the challenge to answer: Has Management the Answer?

I cannot withhold my feeling that on this canvas, no other problem looms so large as the problem of freedom and the basic question of whether man can save and enhance the freedoms which we have at once, our heritage from the past and our trust for the future.

Furthermore, we have to decide whether the idealism of the American people but a people? If it is, our position is in a preferred position of immortality—this if ever in the case. A threat to freedom anywhere is a threat to us. The solution is not to leave us wholly free. The solution is for mutual action of which we cannot be deprived. Our solution is to save the freedom of which we cannot be deprived.

The broad outline of this problem is the opportunity to consider some words which bear repetition here: There is no contemporary challenge to American management.

*Address by Mr. Gaither, held recently at the Starned Business Conference, Stanford University, Stanford, Calif.

Record Offering of $350,000,000 Sears, Roebuck & Co. Debentures Oversubscribed

Goldman, Sachs & Co.—Halsey, Stuart & Co. Inc.

Lehman Brothers Head Underwriting Group

The largest underwritten public offering of corporate securities in record on Wall Street yesterday (Sept. 10) on behalf of the world's largest retailer of general merchandise—Sears, Roebuck and Co. The offering, which consisted of $350,000,000 Sears, Roebuck & Co. 4% sinking fund debentures dated Aug. 1, 1983, was quickly oversubscribed. Goldman, Sachs & Co. and Lehman Brothers headed the 347 member group which underwrote the debentures at 100% and accrued interest.

The is the sole long-term debt of Sears and represents the first public offering by the company since 1962. The only other public capital securities outstanding is common stock, of which there are 111,000,000 shares.

The net proceeds from the sale of the debt will be used to make an additional capital contribution to Sears Credit, the wholly-owned subsidiary, Allstate Insurance Company, which with its subsidiaries provides automobile, fire casualty and life insurance.

The balance of the proceeds will be retained by Sears as working capital and used in the first instance for the repurchase of a substantial portion of the company's outstanding common stock previously sold by Sears. The company follows the practice of selling to banks and to Sears Rockey Acceptance Co., a portion of the conditional sales contracts executed by its installment customers. The sinking fund of the debentures is scheduled to commence in 1965 and to retire $3,000,000,000 of the $350,000,000 in 1985, with the balance of the $350,000,000 scheduled to retire at 1/8% of the issue prior to maturity.

Sears' present properties include 1,422 retail stores, 91 subsidiary wholesale stores, 2760 retail stores and 11 mail order plants through-out the United States. The stores are also operated in Cuba, Central America and South America, and in Australia, Canada, and Canada. Australia, respectively. Simpson-Sears Limited, of which the company is the 100% majority owner, operates in Australia, with 35 stores. and has paid-in capital of $3,000,000 over the United States and Canada.

Since the merger with Seattle Gas Co. on Nov. 1, 1953, the company has not made a dividend out of the capital stock. and it has paid a total of $1,000,000 in the fiscal year ended June 30, 1956. The operations of the company have been characterized by all-gas fuels to natural gas and since such conversion the company has expanded its operations and expansion of its natural gas business.

Sears, Roebuck & Co.

The company is engaged in the distribution of gas at retail in the States, Washington, D.C., and California. Gas Co. and Washington Gas Electric Co. which were merged in 1953, had $96,710,000 in assets of more than $1,200,000,000. The three companies together operate a total of 3,008,200,000 and net income $156,000,000 in the fiscal year ended. Sears, Roebuck & Co. is a member of the American League of Cities, as well as the National Retail Merchants Association, and the National Association of Retail Mail Order Merchants.

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Continued from page 2

The Security I Like Best

RockeRdyne research specialist in advanced development of guided missiles and rocket propulsion systems has been hired by the company to head this important division. During 1953-1956, RockeRdyne developed the Research Division will be located on site. The division has been provided for the development of military and industrial components on a contract basis.

Financially, RockeRdyne's sales increased approximately $3.5 million with current assets of $9.1 million, leaving a working capital of $4.6 million in 1954. Sales have increased each year since 1953, at which time sales were $3,608,200. For the year ended Dec. 31, 1957, sales had grown to $5,428,093 with a net income of $10,177.

The outlook for 1958 is extremely favorable due to continued interest of the over-The-Counter market. According to the Dow Jones Industrial, there now are 1,100,000,000 shares outstanding at a price range is 4 to 1, 14 high, and 15 low. In 1957, a long-term 5 1/2% convertible debenture was placed privately for a period of time, with no plans for new financing.

The company plans to continue the course of acquiring other firms which will increase its capabilities and, in the meantime, will be used to develop new products. Presently the company is conserving cash, and any additional funds generated will probably be in stock.

Consideration of the financing and acquisition of Boulder Electronics Inc. poses a superior management opportunity for the further development of the company's combined manufacturing and manufacturing facilities, thus presenting an excellent opportunity for investing venture capital in the growing electronic industry.

The company presently expects approximately $5,000,000 on construction in 1959, also in 1959. This year, it is apparent that it has now appears that additional per capital financing will be neces-sary in the first quarter of 1959 for the purpose of repaying the two debentures described above. If the debentures are sold prior to June 30, 1959, it does not appear to do so further permanent financing in 1958. Any amounts needed to complete 1958 construction will have to be financed by available cash, and will not now expect to sell common stock in 1959. The company is engaged in the distribution of gas at retail in the States, Washington, D.C., and California. Gas Co. and Washington Gas Electric Co. which were merged in 1953, had $96,710,000 in assets of more than $1,200,000,000. The three companies together operate a total of 3,008,200,000 and net income $156,000,000 in the fiscal year ended. Sears, Roebuck & Co. is a member of the American League of Cities, as well as the National Retail Merchants Association, and the National Association of Retail Mail Order Merchants.

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The Crisis in Railroading

BY WAYNE A. JOHNSTON
President, Illinois Central Railroad

There is no doubt about the railroad industry's basic soundness in this country, but there is a repetition of the recent legislative trend to limit and control the railroad business, which many firms with which we do business, wrote thousands of letters to editors expressing their views in their own words.

As a result of this outpouring of editorial opinion, the Congress had to pass the Transportation Act of 1935. It made this law by affixing his signature on August 12, 1935. Full legislation was passed, Congress had repealed the original act that occurred in the railroads. That meant that on Aug. 1, for the first time since 1925, and no longer has any state railroad in the United States which all these years private-owned railroads have been, that is, to the American public, and by the American people.

"On Verge of Bankruptcy"

This is the crisis in which some of the largest railroads in the country are on the verge of bankruptcy, the railroads that have had friends—real friends. On occasion all of the editors say, "The newspapers have been so much engaged in our coverage of America that the story of the railroads has been left behind us.

Really superlative articles and editorials have been written by top-notch writers. They have studied the source of the problems facing the railroads. Railroads are the backbone of America's industrial economy. A railroad's net income is often its largest source of revenue. Railroads are the busiest, and the backbone of the country.

A railroad is one of the outstanding achievements of the railroads. Probably the most important aspect of the railroad business is that it is a public service. The public and the public is that it is a public service. The public is concerned about the railroad's overall performance, and the public has a right to expect it to be, and it is expected to be, a good public service.

The act represents official recognition of the pilot of the railroads. It enables us to operate in a more profitable climate of regulation. In most significant statements, I think, this is one thing: "Rates of a railroad shall not be held to a particular level to protect the traffic of any other mode of transportation.

That means Congress has directed the Interstate Commerce Commission to press on competition between the railroads and the trucking industry. I indeed think it says to the ICC, let managements compete, it is not whether or not a rate is good or bad, but the public. And this has been going for years.

Who would a highly controversial bill through to success in an election? The newspapers and the industry. The Congress has been to have a successful bill in a ballgame than to win an election with the bases loaded.

Subsidized Competition

Some of you may wonder—just what is the railroad's job? The railroad has been growing by acts of many governments. The railroad has not been helped by acts of the railroad. The railroad has been forced to operate under acts of Congress. Our position is to be the middleman between the producer and the consumer. And the consumer is the only one who pays.
INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

In giving the photographs of the nominees for officers of the Investment Traders Association of Philadelphia, the name of Robin Hardy of First Boston Corporation, was inadvertently given under the photograph of John E. Kroh, Dressel & Co. We give here with the pictures correctly identified.

NATIONAL SECURITY TRADERS ASSOCIATION

The Nominating Committee of the National Security Traders Association has presented the following slate of officers for 1959, to be voted upon at the annual Convention to be held Sept. 20-21 at the Boulevard Hotel, Colorado Springs:

Secretary: Earl L. Hagensieker, Reinholdt & Gardner, St. Louis.
Treasurer: Charles A. Rodin, Stein Bros. & Boyce, Baltimore.


With K. V. Spivey

(Special to The Financial Chronicle)

PASADENA, Calif.—Russell F. Norman is now with K. V. Spivey & Co., 1723 San Vicente.

With Douglas Bark

(Special to The Financial Chronicle)

LAKELAND, Fla.—Samuel P. Pace is now with Douglas E. Bark & Co., Vanity Fair Building.

With Frank Edelen Add

(Special to The Financial Chronicle)

MIAMI, Fla.—Rudolph T. Bard is now with Frank L. Edelen & Co., 8549 Northwest Second Avenue.

Joins Boyd Easton

(Special to The Financial Chronicle)

ROCKFORD, Ill.—Evlin E. Ball has become associated with Boyd J. Easton, Inc., 427 East State St. He was formerly with Robert G. Lewis & Co.

National Co. Add

(Special to The Financial Chronicle)

OMAHA, Neb.—Rodlin E. Buntin has been added to the staff of the National Company of Omaha, First National Bank Building.

Bill Andrews Inv. Opens

GROVES, Texas—Bill Andrews is engaging in a securities business from office at 1604 Main Ave. He is the firm name of Bill Andrews Investments. He was associated for several years with FIP Management Corp.

The Market... and You

By WALLACE STREITEE

Industrial stocks drove for a new all-time high this week with rotating leadership that, at times, Veeder-Root and Metals, chemical, American Telephone and assorted specialities.

The obvious omissions from the strength roster were aircraft and oils which haven't moved much since they ran radically throughout the sustained improvement that has been underway since late in the spring.

Auto Giants Favored

The appearance of the shares of the Big Three automobile makers among the issues with momentum popularly was a new development, since the only change in the auto section recently has centered on the low-priced, speculative shares.

Expansion of the Big Three's sales was in great part to the fact that the auto union seems to be trying to reach a compromise with The Boeing Co. to sell Big Three rather than pull a strike that would completely disrupt production of the cars. Originally, the long stalemate since the contracts expired in the spring was taken to be a strong point until now the maneuver has been in full swing and a strike would be most painful.

The steel popularity was directly linked with the industry operating rate which hit a high point for the year this week after the holiday-shortened period last spring had taken out the first interruption in a steady uptrend under way for months.

The chemical strength, which has been as persistent as that in any major group, was featured by suc¬ cessful contract defense for Kodak and good strength and an occasional new peak in others. Such heavy blue chip gains as offset the lack of quality leadership in recent weeks, although the activity level has been very good. The still featured issues that fell considerably short of being investment grade.

Mystery in Artloom

The wild gyrations were provided by low-priced Artloom Co., which had been valued at a price of $24.88 to $25.77, dropped to $18.48, then backtracked to $22.25. The shares are trading now close to where it was around two-thirds under its peak. Various investigations into the situation by potential purchasers have yet to turn up any explanation for it all. This failure to uncover at least a few reasons why such a sell off at around $6-$7 could occur above $27 and react so violently seemed to be a strange influence.

Rails were also neglected to a great extent in the runup to the third quarter, where the influence was a rash of large block sales both in listed trading and in secondary distributions as rack bundles up to nearly a quarter million in Santa Fe at a clip. So far, however, the offerings have shown nothing approaching any congestion and were cleaned up speedily.

The Disney Story

A rather odd individual situation that had built up good momentum was the Walt Disney Productions which was on this week's list of new highs but had been backtracked to one of the standard industrial classifications. Its movie film works account for only a small percentage of its total income. Other activities include its TV productions, publishing activities that range from books to comic strips, the huge amusement park in California which was a $16 million investment and its activities on the book, movie and television licensing, based on the famous Disney characters, and in the music field.

The Disney operation has increased reported earnings by some 700% in the last five years, some estimates of this year's results running as high as $4 million. It has shown it would otherwise - the June quarter results post a 50% increase over a year ago. It all adds up, as far as Disney is concerned, to one of the leading growth situations around. Where others in the group were gaining 20 to 30 times earnings, Disney until its recent spurt was holding at a ratio of around 16-times. Breaking out of its three-year range the issue is still well below a 13-times ratio and has a long way to go. It is to say anything near the ratio where other special Catholics growth items already show.

High Rail Leverage

Apart from the issues where ability to hold up earnings was demonstrated, most of which already has been dis cussed, the most un expected, with a first price, there was a considerable hunting among the cyclical items where not only have operating results been par bed but where the whole of the dreary story has yet to appear such as Baltimore & Ohio where six months results...
Blyth-Dean Witter Group Offers Standard Oil Co. (Calif.) Debts.

An offering of $150,000,000 4 1/2%inking fund debentures due July 1, 1963, of Standard Oil Co. of California was made on Sept. 5 by a nation-wide investment banking group headed jointly by Blyth & Co., Inc. and Dean Witter & Co. at 98% and accrued interest, to yield about 4.40% to maturity.

The debentures are redeemable at the option of the company commencing July 1, 1958, and ending July 1, 1968. The debentures, however, cannot be refunded prior to July 1, 1958 with money borrowed for that purpose at a rate of interest of less than 4.40%. There is a sinking fund of $5,000,000 a year beginning in 1958 and extending to 1962. Of the net proceeds from the sale of the debentures, $50,000,000 will be used by the company to repay outstanding bank loans. The remaining proceeds will be available for capital and exploratory expenditures and other corporate purposes. The company estimates capital and exploratory expenditures at $775,000,000 in 1949.

The company intends to apply for listing of the debentures on the New York Stock Exchange.

Standard Oil Company of California, a leader in the petroleum industry, is engaged in the production, transportation, refining and marketing of crude oil and crude oil products; the production, processing and sale at wholesale of natural gas and the acquisition and development of prospective and proved oil lands. The company is also engaged in the manufacture and distribution of petrochemicals and agricultural chemicals. The operations of the company and those in which it has stock interests are world-wide in scope.

With Smith, LaHue (Special to The Pittsburgh Courier)

ST. PAUL, Minn. — Robert J. Milavetz has been added to the staff of Smith, LaHue & Co., Pioneer Building.

Phila. Bond Club to Hold 33rd Field Day

PHILADELPHIA. Pa.—The 33rd annual field day of the Bond Club of Philadelphia will be held Friday, Sept. 19 at Huntingdon Valley Country Club. The various committees under the direction of W. Marshall Schmidt as Outing Chairman have developed a well-rounded program of sports and entertainment. There will be a "truckload" of prizes in addition to an American and a foreign car.

Joins Bache Staff

MINNEAPOLIS, Minn. — William G. Lawrence is with Bache & Co., Grain Exchange Building.

Put CHILE in your plans for future growth!

If new or expanded operations in Latin America are in your plans, investigate the growth possibilities of a location in Chile. Already one of the world’s leading pro-
ducers of minerals and wines, Chile provides vast natural resources for industries using agricultural products, lumber and seafood. Further growth is expected in chemicals, fertilizers, paper manufacture and many other fields, as well as in the nation’s fast-growing iron and steel industry.

Why not come see for yourself? Combine a personal look at business possibilities with enjoyment of Chile’s ideal climate and its outstanding scenic and recreational facilities.

FOR MORE INFORMATION on the advantages Chile offers and for a copy of the booklet “Investing in Chile,” write General Manager, Cia. Chilena de Electricidad, or Area Development Section, American & Foreign Power Co., 100 Church St., New York 7, N. Y.

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(RALIEGH, N. C.—L. L. Ray is now with Pitser & Company, 222 Forsyth Street.)

The views expressed in this article are necessarily at any time coincident with those of the "Chronicle." They are presented as those of the author only.
Are British Dollar Reserves a Third Line of Defense?

BY PAUL EINZIG

Economist Einzig evaluates recently published reports about the British dollar holdings. Concludes sterling is probably stronger than published data indicate "but not nearly as strong as is believed." Also notes the result of the optimism generated by the publication of figures relating to the secondary dollar reserve.

LONDON, Eng.,—In recent months the existence of a substantial British secondary dollar reserve in the form of privately held securities in the United States and in Canada received widespread attention. For at least a few weeks after the official announcement made some months ago in the House of Commons by the Parliamentary answer that the amount of such securities was a staggering $3,000,000 million came as something of a surprise. Subsequent calculation of the present value of these investments published in these columns of the New York Journal of Commerce brings the figure to nearly $4,000,000 million, and it seems to be widely realized that the realization of the existence of such a substantial second line of defense for the pound is likely to contribute towards strengthening confidence in sterling. It becomes more and more necessary that the British authorities never took the initiative for drafting and detailing the terms of this secondary reserve during the period of the last war. Eventually the announcement was dragged out of them through the initiative of the Canadian and American Governments.

The above figures refer to British private holdings of dollar bonds, equities, and other securities which could not be mobilized without cumbersome negotiations. Needless to say, the amount to which British dollar reserves could be increased naturally varies widely. Even so, the fact that these holdings could be increased so substantially helps toward a solution of the problem of the citic of most countries with weak balance of payments. Many the same exceptions to this rule. During the war patriotic considerations were responsible for the operation of exchange control. However, when the exchange became free, a number of people in Britain felt they were morally justified in circumventing the control provided that they could do so without running unfitness.

The anti-capitalist attitude of the last Labor Government and the former Liberal Government have been mainly responsible for evils of the present exchange control. Many. people went far and wide to get over the problem. From the short run point of view, it is actually an act of patriotism to remove some of the restrictions. The idea of a group of Socialists spied out their friends that by transferring their assets abroad they safeguarded a corresponding part of the national wealth from being wasted.

Not a "Third-Line of Defense"

Such "hidden reserves" may be regarded as a third line of defense, if the authorities are not in a position to commandeer them and their owners are willing to accept a surrender price, or repatriate them during periods of sterling pressure. Only, if transfers were made in periods of absolute confidence, would there be a flight to the pound through the anticipation of a future need. Such secure holdings of dollar securities may be switched to dollars in the event of such a revival. Many more holders are likely to retain their dollars for fear that they may not have an opportunity to get them back in dollars. These dollars should a sudden need arise.

Taking everything into consideration, it seems reasonable to conclude that sterling is stronger than would appear from the published figures. But not nearly as strong as is believed. The result of the optimism generated by the publication of figures relating to the secondary dollar reserve.

Valentine Partner in Yarnall, Biddle & Co.

PHILADELPHIA, Pa.—Yarnall, Biddle & Co., 1220 Walnut Street, Philadelphia, has a new executive. Valentine, a director of the Exchange and other leading financial firms, has been appointed head of the British department by H. Stuart Biddle, Jr., who has been made chairman and general partner of the firm. At the same time an announcement was made that the firm would continue to grow with a view drawn up as a general plan. H. S. Valentine, Jr., has been associated with the investment securities business since 1930 when he joined the firm of H. Stuart Biddle & Co. In 1932 he joined Securities Corporation of America. From 1934 to 1949 he was associated with the Land Title & Trust Company and was an executive of the National Bank in charge of investment analysis and of common trust funds.

Hewitt Appointed by Delaware Fund

PHILADELPHIA, Pa.—The appointment of William W. Hewitt, a director of Delaware and Delaware Income Fund, and director of sales of Delaware Distributors, Inc., has been announced by W. Linton Biddle, Jr., President.

Mr. Hewitt first joined the Delaware organization in January, 1955, and was appointed national advertising manager. The following year he was named executive vice-president of the Merrill Lynch-Delandery Fund. In his new position he will coordinate, direct and supervise the sales efforts of the fund. Mr. Hewitt has over 30 years of experience in the field of fund management and he has been associated with major number of years and has headed or held partnerships in several financial organizations. He was vice-president and a director of the New York Stock Exchange.

In 1935 Mr. Hewitt entered the mutual fund industry as a sales executive concentrating on the retail and wholesaling of mutual funds.

Mr. Hewitt succeeds Frank T. Netz, Jr., who resigned his Delaware position to enter the retail securities field.

Four With Marache

(Special To The Financial Chronicle)

By ROBERT K. BOLTON

B. Bolton, Victor J. Chiavetta, Walter Sedach and Charles Villa have organized an independent investment company, Marache Dofilemyre & Co., 210 West 57th Street, to handle an $8,000,000 Atlantic Coast Stock Exchange. Mr. Bolton and Mr. Villa were formerly with the firm of Logan & Co. Mr. Sedach was with Samuel B. Franklin & Co.

Joseph W. McDonough

McDonough, associated with Winslow, Cubo & Steven, New York City, as a trader, has been named president of the Over-the-Counter Market. A look at the record and see for yourself, and there are hundreds more like it that have emerged from the "Counter market" in the past 20 years.

These Opportunities Are Still Available

Young investors have new trails in the fields of advanced science. Engineering skill, "management know-how," and ability to take advantage of the miracles of modern science are the keynotes of the new fields of rare metals, metal fabrication, alloys, super-fuels, etc. There are opportunities that are available to aggressive management and business ability. To uncover the investment profits that are coming to the forefront in the near future, you will have to discard any of these companies because their shares are not listed. Look over these new fields, and there are hundreds more like it that have emerged from the "Counter market" in the past 20 years.
Keynes’s “Greatest Achievement”

But when some one asserts that two and two make five, or that an existing depression is the result of a general overproduction of everything, I shall naturally try to remind him of the error.

There is still another line of attack on Say’s Law, which Haberler among others seems to advance, and this is to assert that in the sense in which Say’s Law is true it is “mere tautology.” It is tautological, it is so in the same sense in which basic logical and mathematical propositions are tautological: “Things that are equal to the same thing are equal to each other.” One does not need to say this as long as one does not forget it.

To sum up, Keynes’s “refutation” of Say’s Law, even if it had been successful, would not have been original: it does not go an inch beyond Malthus’s attempted refutation more than a century before him. Keynes “refuted” Say’s Law only in a sense in which no important economist ever held it.

To Save Is to Spend

Rising the accusation of beating a dead horse, I should like to address myself to one more effort by Keynes to dispose of Say’s Law, or what he calls “a corollary of the same doctrine” (p. 231), as if it had been “saddled,” he writes, “that any individual act of abstaining from consumption necessarily leads to, and amounts to, the same thing as, causing the labor and commodities thus released from supplying consumption to be invested in the production of capital wealth” (p. 19). And he quotes the following passage from Alfred Marshall’s Pure Theory of Domestic Values (p. 34) in illustration:

“The whole of a man’s income is expended in the purchase of services and of commodities. It is indeed commonly said that a man spends some portion of his income and saves another. But it is a familiar economic axiom that a man purchases labor and commodities with that portion of his income which he saves just as much as he does with that which is said to be spent. He is said to spend when he seeks to obtain present enjoyment from the services and commodities which he purchases. He is said to save when he causes the labor and the commodities which he purchases to be devoted to the production of wealth from which he expects to derive the means of enjoyment in the future.”

This doctrine, of course, goes much further back than Marshall. Keynes could have quoted his hére noir, Ricardo, to the same effect. “Mr. Malthus,” wrote Ricardo, “never appears to mean that to save is to spend, as surely as what he exclusively calls spending.” Ricardo went much further than this, and in answering Malthus answered one of Keynes’s chief contentions in advance: “I deny that the wants of consumers generally are diminished by parsimony—they are transferred rather from the present to consume to another set of consumers.”

And on still another occasion Ricardo wrote directly to Malthus: “We agree too that effectual demand consists of two elements, the poorer and the rich. A man may purchase; but I think the will is very seldom wanting where the power exists, for the desire of accumulation (i.e., saving) will occasion demand just as effectually as a desire to consume; it will only change the objects on which the demand will exercise itself.”

Two Crucial Contradictions

Keynes alternates constantly between two mutually contradictory contentions: (1) that saving and investment are “necessarily equal,” and “merely different aspects of the same thing” (p. 7) and (2) that saving and investment are “two essentially different activities” without even a “nexus” (p. 21), so that saving not only can exceed investment but chronically tends to do so.

Like your Favorite Newspaper...

there’s more to Cities Service than meets the eye!

A newspaper is much more than a few ounces of paper and a bit of printer’s ink. It is the end product of acres of forests converted into newsprint, of world-wide news and photo organizations, diligent local staffs, skilled editors and typegraphers, block-long high-speed presses, and fleets of vehicles to rush the printed paper to readers while the news is “hot.”

There is more much, also, to a gallon of gasoline than a chemical analysis would show. The motor fuel supplied at Cities Service stations is the end product of a job which reaches out to four continents. All this required a capital investment from Cities Service of more than $179,000,000 in 1957 alone.

Only in this way can the petroleum needs of the public be met—and petroleum, next to food, is the most vital product in America today.
Public Utility Securities

By OWEN ELY

Kansa-Nebraska Natural Gas Co.

Kansa-Nebraska Natural Gas supplies gas to adjacent areas in western Kansas and Nebraska and northern Colorado, with a supply area of 135,000 square miles. The company's revenues are derived about as follows: domestic and commercial 35%; other gas utility 28%; industrial and institutional 18%; natural gas transmission 13%; and miscellaneous operating revenues 6%.

The company produced 54% of its gas needs and purchased 46% in 1957. At the end of 1956, 600,000 tons of natural gas were reserves and controlled an additional 274,000 Mcf under purchase contract, most of these reserves being in the Hugoton field. The company has a wholly-owned oil subsidiary, Excelsior Oil, which owns one large oil well, producing in past years an average of 3,500 barrels of oil per year. Excelsior Oil's production is extremely small compared with the company's natural gas revenue and is largely offset by the purchase of oil from the dozen or so small oil fields in the company's Kansa-Nebraska system. The dry gas is sold in pellet form and can be stored without spoilage for very long periods of time.

In 1957 with a daily capacity of 25,000 gallons of propane, 8,000 gallons of butane, and 6,000 gallons of natural gasoline, if the rate of the current drilling program are reasonably satisfactory. Excelsior is expected to begin to show a good return on its investment.

Sale of gas for irrigation dropped considerably last year because of heavy rainfall. However, 1,271 additional irrigation customers were added following the drought. This is expected because of the normally semi-arid condition of the region. With favorable credit terms, half the alfalfa pastures were converted to pasture and to cattle and pig production of each year is reduced. With the continued high alfalfa prices, the Kansa-Nebraska system. The dry gas is sold in pellet form and can be stored without spoilage for very long periods of time.

Volume of gas sales last year increased by nearly 20%, much of which was attributed to the use of gas for irrigation. Total sales rose to three times as large in 1956. These increased 15% but due to a decrease in the drilling program total reserves were up 25%. Total gas reserves at March 31, 1958 were 950,000,000 Mcf.

Last year's construction program approximated $8 million but this year's program has been reduced to about half that level. Internal cash should be ample to take care of these expenditures and to maintain a high equity capitalization. About $150 million in 1956 was spent on improving gas gathering and distribution facilities. Construction for the year will be for drilling and gathering. A 25-in. steel line later was added to the 28-in. diameter field to increase the utilization of gas reserves. Excelsior may spend about $1 million in 1958 to complete these projects.

As of March 31, 1958, capitalization was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt</td>
<td>$294</td>
<td>48.4%</td>
</tr>
<tr>
<td>Preferred stock</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>Common stock (207,000 shares)</td>
<td>12.6</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$308</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Earnings for the 12 months ended June 30 were $2.40 compared with $2.50 in the previous year; for the first half earnings were $1.35 compared with $1.32. The earnings trend is favorable but internal conditions (partly effect by increased heating sales), together with higher income taxes due to reduced credits from drilling, seem to have resulted in a dip of 25 cents. Increased field sales to Northern Natural Gas may also have been a factor.

The company's record in the past decade has been as follows:

<table>
<thead>
<tr>
<th></th>
<th>Shares</th>
<th>Revenue</th>
<th>Cash Value</th>
<th>Approximate</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td>$15.8</td>
<td>$2.56</td>
<td>$1.75</td>
<td>10.7</td>
<td>10.2</td>
</tr>
<tr>
<td>1948</td>
<td>15.0</td>
<td>2.44</td>
<td>1.65</td>
<td>10.07</td>
<td>9.99</td>
</tr>
<tr>
<td>1949</td>
<td>14.9</td>
<td>2.42</td>
<td>1.63</td>
<td>10.05</td>
<td>9.97</td>
</tr>
<tr>
<td>1950</td>
<td>14.8</td>
<td>2.33</td>
<td>1.58</td>
<td>10.03</td>
<td>9.94</td>
</tr>
<tr>
<td>1951</td>
<td>14.7</td>
<td>2.26</td>
<td>1.52</td>
<td>10.01</td>
<td>9.92</td>
</tr>
<tr>
<td>1952</td>
<td>14.6</td>
<td>2.19</td>
<td>1.46</td>
<td>10.00</td>
<td>9.90</td>
</tr>
<tr>
<td>1953</td>
<td>14.5</td>
<td>2.12</td>
<td>1.40</td>
<td>10.00</td>
<td>9.88</td>
</tr>
<tr>
<td>1954</td>
<td>14.4</td>
<td>2.06</td>
<td>1.34</td>
<td>10.00</td>
<td>9.86</td>
</tr>
<tr>
<td>1955</td>
<td>14.3</td>
<td>1.99</td>
<td>1.28</td>
<td>10.00</td>
<td>9.84</td>
</tr>
<tr>
<td>1956</td>
<td>14.2</td>
<td>1.93</td>
<td>1.22</td>
<td>10.00</td>
<td>9.82</td>
</tr>
<tr>
<td>1957</td>
<td>14.1</td>
<td>1.87</td>
<td>1.16</td>
<td>10.00</td>
<td>9.80</td>
</tr>
</tbody>
</table>

*Stock dividends were also paid, 5% in 1933 and 16% in 1956.*

The company is involved in the "Memphis case" and has notified the FCC that it will "freeze" present operations, as they pertain to the City of Memphis and the City of International. The Court has handed down a decision.

The company filed an application with the FCC for an increase in wholesale rates of $500,000 a year, an equal to the increase being sought from the Illinois shares. The increase is being held for 60 days, or a year from the filing, without any change in the current rates, which by their hearing before the Illinois Gas Co. in 1957, the company's dividend policy has been somewhat irregular in recent years, with changes in the quarterly rate and extra-

In October and December, this year three quarterly dividends of 40 cents have been declared, without the usual October extra, which leaves the regular quarterly dividend at 53 cents, or the same year-end rate as paid last year (36c) the rate would be $1.80, and on this basis, the year-end dividend would have been reduced to the required rate of 39c.

A portion of the year-end dividend was paid in recent years, but was recently paid only by 50% due to reduced drilling expenditures. The stock is selling at about 16.5 times recent earnings.

Continued from page 12

Savings: The Secret Of American Growth

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We find that people have many different reasons for saving. The most common and powerful seem to be security, education, and on the other side, the desire to save a substantial number of dollars makes them think twice about any spending. This is the case even among the highest earners and savers in society. The saving and loan associations were important in the development of banks and have grown considerably in recent years. This means may not apply when savers come to invest in the financial markets.

As to the use of money withdrawn from banks and savings and loan associations, the various fields of the economy are the most frequently cited reasons:

- To meet general living expenses,
- To make a downpayment on a home,
- To pay for vacations and travel expenses.

Of these, the most important are under the headings of spending expenses and medical bills.

We find that a good saver knows that it is important to have a good credit rating and that he must resist the temptation to borrow, especially if he believes that even an urgent need for money does not justify it. He also knows that he must not save, and he believes that everybody can save if he tries. He therefore makes sure to save as much as possible in order to blame for not saving the less money he has.

Once the saver has mastered the simple art of saving—which is merely to save as much as he can—he cannot blame others if he does not save, and when he does not save he has to take full responsibility for his decision. The knowledge that there is no real urgency about non-essential items, the realization that the purchase of such items can often be postponed, and the realization that the saving force should be aimed at the individual and family savings. Most good savers understand this, and they first start to work. They also know that information will be for you whose business is to urge people to save and to say that there is more than one way to save. They also know that information will be for you whose business is to urge people to save and to say that there is more than one way to save. They also know that information will be for you whose business is to urge people to save and to say that there is more than one way to save.
Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

While not all insurance companies report on their half-yearly operations at the yearly date, enough of them have furnished their policies and expenses so far as to enable thoughtful observers to note the general trend of the industry and to note with satisfaction the increase in the number of policies written. The companies which have reported show an increased amount of business transacted in the first six months of the year as compared with the same period last year. The increase is due in part to the greater feeling of security among the public and the increased demand for insurance. The companies which have reported show a decrease in the amount of claims paid, which is attributed to the improved economy and the better management of the claims departments.

The National Insurance Conference which met in Philadelphia last week showed an increase in the number of members and in the amount of business transacted. The conference was well attended and the discussions were lively and interesting. The papers presented were of a high order and the speakers showed a thorough knowledge of their subjects. The conference was well managed and the arrangements were excellent.

Nelson Ghoman of Navy League Convention

PHILADELPHIA, Pa. — W. Linton Nelson, President of Delaware Telephone Company, was recently appointed General Counsel of the U.S. Naval League of America.

Dillon, Read Group Offers Texas Eastern Transmission Bonds

An issue of $35,000,000 Texas Eastern Transmission Corp. first mortgage pipeline bonds was offered yesterday (Sept. 10) by Dillon Read & Co. Inc. at a price of 99% and second mortgage bonds at a price of 98 1/2% to maturity.

The semi-annual sinking fund beginning March 1, 1961, will retire approximately 95% of the bonds at a price of 100%, with the remainder, re-deemable at the option of the company, repayable at the rates specified from 1951 to 1990.

Sale of these securities will continue to provide working capital for the company's construction and extension activities. The company's power involves estimated expenditures by the company and its subsidiaries of approximately $207,000,000, and consists of an expansion of its system to serve new customers, including the installation of 120 million cubic feet of gas per day, other transmission and distribution additions, and production facilities.

Upon completion of this expansion program, the company's natural gas system will be increased to 1,100,000 cubic feet per day, including delivery lines and facilities.


Our Reporter on Governments

By JOHN T. CHAFFEY, JR.

The Treasury is raising its third new money through the sale of $500,000,000 in new securities, the largest new-money issue from the sale of which the government will provide a new-money market for the first time in many years. The sale is for investors who are looking for a new-money market for the first time in many years. The sale is for investors who are looking for a new-money market for the first time in many years.

Monetary Restraint Continues

The monetary authorities continue to keep the monetary factors in check, but the trend of the discount rate is still downward. The federal funds rate has been reduced to 3 1/2% from 4 1/2% at the beginning of the year.

The Federal Reserve Bank of New York, however, did not increase its rate, which still remained at 3 1/2%. There has been considerable talk that the Central Bank of New York would increase its discount rate, with rumors going around that such a move would be expected to 3 1/2%. The usual pattern of the discount rate normally, the Treasury bills go up to levels that are in excess of the discount rate this fact generally results in an increase in the Federal Reserve rate, so that at the time of the rate of return in the shortest and most liquid market, the discount rate will. On the other hand, discounts and advances of the System have declined strongly in the past few weeks, and the Federal Reserve has sold the system to borrow from the Central Banks at the discount rate. The Federal Reserve Bank of New York, last week, was down sharply, while at the same time loans of the member banks in New York City were off, coming to $10,000,000 as compared with $15,000,000 last year.

The trend of discounts and advances at the Federal Reserve Bank of New York is important, as the New York Banks in this area, probably explains in some measure the holding of the discount rate at 1 1/2% by the Central Bank of New York.

The Normal Rate of Interest

The normal rate of interest is the rate that obtains in the market for loans or securities. It is the rate that the borrower pays to the lender for the use of the money. The normal rate of interest is influenced by a number of factors, including the amount of money in circulation, the demand for and supply of money, the rate of inflation, and the expectations of the market.

Long Governments at Yield Advantage

Long-term Governments are those which have not been sold previously. These bonds are considered to be safer than shorter-term bonds because the yield is higher than that of shorter-term bonds. The yield of non-United States Government obligations has reached levels that are now attractive to institutions and they are buying these securities in sizable amounts, in spite of the fairly ample supply that is coming into the new issue market for sale.

R. H. Dorr P. of Chase International

The appointment of Russell H. Dorr to head a new international investment corporation, wholly-owned foreign financial institution, was announced by the Board of Directors. Mr. Dorr is President of the Chase National Bank of New York.

following the World War II, Mr. Dorr served with the rank of Major as United States Delegate to the International Finance Agency, Chairman of the Board of Directors, in connection with the allocation of $600,000,000 of gold to the United States Treasury. He also serves as a director of the International Monetary Fund, and was a director of the United States National Bank of New York.

During the past five years Mr. Dorr has been a senior member of the staff of the International Bank for Reconstruction and Development, supervising international operations in Indonesia, and the resident representative in Teheran.

Chicago Inv. Analysis

Annual Outing

The Chicago Investment Analyst Society will hold its annual outing at St. Charles, Thursday, Sept. 11. Golf, tennis and other activities will be featured. The golf entry fee and dinner is $11.00; golf only $5.50; dinner only $5.00.

The members are Joseph H. Heinrich, Jr., Blunt Ellis & Simmons; Chairman; Robert Dorr, Portland, Ore.; Forre- gan & Co.; Robert B. Blunt; Gayle Blunt, Blunt Ellis & Simmons; and John C. Weiser.
The merger of Commercial Bank of St. Louis & Trust Company, New York and Bank of North America, approved by the New York State Banking Department and Federal Deposit Insurance Corporation, became effective as of the start of business Sept. 5 with the combined institutions operating as the Commercial Bank of North America, New York.

The merger brings into being an institution with assets of over $150,000,000 and twelve offices throughout the city. Prior to the consolidation, Commercial State Bank resources totaled over $120,000,000. Bank of North America showed assets exceeding $50,000,000.

Under stockholder approved merger terms, Commercial Bank of North America is issuing 470,563 shares of par value $5 per share, to effect an exchange of 3,017 shares of new stock for each share of Commercial State Bank stock and one share for each share of Bank of North America stock.

Capital funds of the consolidated institution are in excess of $11 million, and including reserves, was reported by Mr. Leichtman.

D. Mallory Stephens, Chairman of the Board of Commercial State Bank, continues as Board Chairman of the merged banks. Louis B. Cook, Branch Chairman of Commercial Bank of North America, is Vice-Chairman of the Board of Commercial Bank of North America.

Charles D. Runyan, President of Bank of North America, is a Director and Senior Vice-President of the consolidated institution, Sidney Friedman, Chairman of the executive committee of the merged banks, who holds the same position in Commercial Bank of North America, and W. Harold Bach, remains the Executive Vice-President of Commercial Bank of North America.

All officers and staff have been kept in the merged institution.

The main office of the bank continues at 110 Fifth Avenue, Manhattan, formerly the main office of Commercial State Bank. Branch offices are located in Philadelphia, Brooklyn, and Queens.

Previous articles appeared in this column on Aug. 21, Page 718, July 21, Page 107, and Page 13, respectively.

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Continued from first page

As We See It

that have to do with the wage earners of the country. This is the secret which the days of voting are now not very far distant. It was natural perhaps, therefore, that the President should say as many complimentary things about labor and labor leaders that he could. But many who evidently felt obliged to say, even if somewhat obliquely, that there was a good deal rotten in the State of Denmark. There are, however, some serious shortcomings in the President's argument, and they are not heartening by reason of the fact that these same infirmities run through the labor policies of the Administration from one end to the other, and, as a matter of fact, the whole attitude of the New Deal and the Fair Deal in even greater measure.

Lack of Understanding

The trouble is that the President, as his predecessors always also did, reveals a lack of understanding of what makes the wheels of business go round, and of the nature of governmental policies required to give the greatest assurance that they will continue to turn—and in the right direction. It is true that he includes a vague statement "that the common economic interest of employer and employee is prosperity," but he does not seem to say that the driving force which makes the wage earner at work is his "own sense of personal worth and accomplishment," and "his own dignity as a free man working in company with other free men." He offers it as if that were a matter of much longer hours than those of wage earners, and what keeps them at it when nerve trying problems are encountered not infrequently by reason of the behavior we would wish wage earners, but this after all was a Labor Day outgoing.

Now the fact of the matter is—notwithstanding the pronouncements of New Dealers and neo-New Dealers—that by and large what keeps men and women at their work is the future and what holds employers' noses to the grindstone is simply hope or expectation of economic reward—for themselves not for "society" or " mankind." It was Adam Smith, many years ago, who pointed out the difference between the private cost and the social cost, and who so marvelled over our "vivid sense of the time value of money," or as we say to-day, "the flavor of time," that he never raised a smile to the thought of the advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow citizens. The banker, the brewer, the baker choose to keep what they expect to get, and to talk to none of our own necessities but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow citizens. The banker, the brewer, the baker choose to keep what they expect to get, and to talk to none of our own necessities but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow citizens.

This fundamental truth is not the least affected by the circumstance that there are a good many in the world today who are not ready to accept—it a good many of them not in Communist countries but, as a matter of fact, throughout the world—because of the mistaken notion that human beings are made that the general principle holds everywhere regardless of the political or social systems in force, and, so we believe, will always hold. It is because it has been given full play with a minimum of restrictions of any sort that the United States has long ago reached an economic stage that is the envy of the world. By and large until quite recent years at all events, we have had bitter interest and enlightenment, and that it not be pursed to the point where the liberty of one infringes upon the liberty of another.

Proper Conditions Essential

But this system of national liberty does not function well, it may even ultimately fail, if the conditions necessary for its proper functioning are not maintained and it is here that we find not only the New Deal and Fair Deal philosophies and programs but those of the previous Administration in Washington seriously defective. As a matter of fact, we were already in 1929 when the New Deal came into power. It would not be altogether easy to say just when the labor unions and agriculture were first regarded as sui generis, but it was a period when the country, instead of striving long before the New Deal came into power. It would not be altogether easy to say just when the labor unions and agriculture were first regarded as sui generis, but it was a period when the country, instead of striving

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Current Economic Trends

And Savings Banking

Eleven New Members Named to NAIC Board

The Board of Governors of the National Association of Investment Companies has been enlarged from 15 to 21 members, recently elected at the annual meeting of the Association and providing for wider representation on the NAIC Board. The newly elected are Joseph E. Welch, President, and the 10 other members of the Board. The new members are elected for the 5-year term and will serve as members of the Board for 5 years. The newly elected members are James F. Brown, Continental Corp.; Edward B. Burren, The Continental Bank, Inc.; Eilen J. Cady, American Savings Trust Co.; Leland F. Card, First National Bank of Kansas; Insurance Securities Trust Fund; Edward A. Morkle, The Pennsylvania National Bank, Ltd.; William Linton Nelson, Delta-ware Fund, Inc.; Harry I. Prunk, Eastern National Bank of Detroit; Edward P. Robin, Associated American Investors, Inc.; John M. Shelly, Boston Fund, Inc.; Henry J. Simonson, Jr., National Securities Corporation; and Charles Smith, Financial Industrial Fund, Ltd.


Retiring members who have completed three years' service on the Board include George E. Biddle, Richard W. Loomis, H. II. Ouy, S. L. Sholley and Francis S. Williams.

The National Association of Investment Companies represents a group of publicly owned investment companies (mutual funds) and 24 additional investment companies with combined net assets in excess of $500 million, $500 million in 1928. It has been in existence since 1929.

Form Washington Investment Plans

WASHINGTON, D.C.—WASHINGTON Investment Plans, Inc. has opened offices in the General Building in the Southern Building. Officers are: Mr. and Mrs. E. E. Shed, President, Mrs. E. E. Shed, President; William A. Chairman of the Board; James H. Lemon, Vice-President; Bernard W. F. Whey, Treasurer; and Harry T. Gram, Jr., Vice-Treasurer and Ralph H. Johnson, Secretary and Treasurer. All are associated with Johnon, Lecom and Ely.

Henry H. Egy

Henry Harry Egy, partner in the law firm of Nix, Loomis & New York, City, passed away Sept. 3 at the age of 63.
Outlook for Business
And Stock Prices

on sound economics, by our policies. This expansion is having an
outstandingly high level during the first six months of 1928, and it is
likely to continue at a high level throughout 1928. This is true
because the economic situation is such that it is likely to
progressively improve during the latter months of the year. The
result is likely to be a continuation of the high level of business
activity.

It is interesting to note that the economic and political
issues likely to be discussed at the forthcoming Congressional elections
are not likely to have any material effect on the course of business
activity. It is likely to continue at a high level in the face of a
number of risks.

The outlook for business and stock prices is expected to continue
to improve during the latter months of the year. This is likely to
be the case because the economic situation is such that it is likely
to continue at a high level.

Railroad Securities

Southern Railway

has made an outstanding performance during the first seven months of the year. This is likely to continue during the
remainder of the year. It is likely to be the case because the
economic situation is such that it is likely to continue at a high
level.

Despite the recent decline in stocks, the Federal Reserve
Board has not taken any action to stop the decline. This is
likely to be the case because the economic situation is such that it is
likely to continue at a high level.

Phila. Inv. Women Meet

In the current business climate, the Federal Reserve
Board is likely to continue at a high level. This is likely to be
the case because the economic situation is such that it is likely
to continue at a high level.

With Harold E. Wood

(See also THE ECONOMIC CHRONICLE)

ST. PAUL, Minn. — Arnold J. Rieck has been named head of
Harold E. Wood & Co., First Na
tional Bank Building.
Expanding Our Heritage

has been abolished and 96% of our labor force has been covered by social security. We have not reached the goal of a "sweat factory". Our Social Security system is the beginning of the freedom of labor and the right of the individual to control his own work and income. The American worker has a right to his own labor, and the right to own the fruits of his labor. The American worker has a right to his own life, and the right to live his life as he pleases. We must strive to give every American an equal place at the starting line, and we must work to make our society toward that objective than any other.

And, ironic though it is, of all the great industrial nations, the United States is perhaps the last place to lend support to the idea of achieving the Socialist goal of property for all. We have achieved the wide distribution of benefits claimed by advocates of socialism. We have controls and restrictions on freedom that rear most first eat, and this has happened not because we took from the rich and gave to the poor, but because we gave everyone an opportunity to be constantly increasing pool of wealth.

Our Maligned "Affluent Society"

I recognize that among some of the most vocal critics of the "affluent society" there may be an underlying assumption that Marxism is the true faith that predicated our society. I should like to point out that Marx himself is the foremost critic of the "affluent society."

In his famous "Das Kapital," Marx denounces the "affluent society" as a system of exploitation and oppression. He argues that the "affluent society" is based on the exploitation of the working class by the ruling class, and that this exploitation is symptomized by the existence of a vast and growing gap between the rich and the poor.

Marx asserts that the "affluent society" is a system of oppression and domination. He states that the ruling class uses their power to control the means of production and the means of distribution. This control allows the ruling class to exploit the working class and to maintain their position of power.

Marx also asserts that the "affluent society" is a system of inequality. He states that the ruling class enjoys a higher standard of living than the working class, and that this inequality is perpetuated by the system of exploitation and domination.

Marx's critique of the "affluent society" is based on his belief in the ultimate triumph of the working class. He argues that the "affluent society" is a temporary system that will be replaced by a more just and equitable society. Marx's critique of the "affluent society" is a call to action for the working class to organize and fight against the forces of oppression and domination.

Turning to Three Economic Problems

May I present three specific economic problems in which government must play a positive role. I believe that the vigor and boldness the times require of us is bound to come hard to some of our country. As new businesses come into being and new jobs are created, we must be prepared to help them.

We must be prepared to be a completely academic question. We must be prepared to be a completely academic question.

The Federal and state government must play a positive role in the establishment of a national system of unemployment insurance. We must be prepared to bring down the wall of unemployment and to help create a new system of unemployment compensation.

Specifically, to the extent feasible, the 12 million workers not now covered should be brought under our unemployment compensation system.

The proliferation of benefit periods now in effect as a temporary measure should be made permanent.

The Federal and state government must play a positive role in the establishment of a national system of unemployment insurance. We must be prepared to bring down the wall of unemployment and to help create a new system of unemployment compensation.

Blueprints Further Economic Development

Consequently, I suggest the following proposals not as administrative policy but as steps that should have top priority for consideration by the Congress and by the Congress in its next session.

In the day of rapid technological change we need more liberal treatment of our business taxation purposes. Only in this way can we stimulate the investment and development that are the key to our economic growth.

We should consider the elimination of property taxes and the use of other means to provide for social services and social welfare. These proposals are needed not only for the sake of the American people but for the sake of the future of the United States. We need to ensure that our society is based on the principles of freedom and equality and that we are striving to create a society that is truly free and equal for all.

And when we consider the economic progress which will be made possible by the research and development in industry, medicine and other areas, we see that the economic progress which will be made possible by the research and development in industry, medicine and other areas is not only possible but necessary.
The State of Trade and Industry

continued from page 4

The end of June. This equaled the drop from the end of May to the end of June, but was less than the $700,000 average monthly decline of the second quarter of the year.

Total manufacturing and trade sales, however, rose for the fourth consecutive month, going up $800,000,000 in the month to an adjusted $3,040,000,000.

The drop in total inventories in June came from a fall of $400,000,000 in manufactured goods, stock buildup equal to between disposable and non-disposable goods makers. Wholesale stocks stayed steady, and retailers inventories were off by $100,000,000.

Manufacturers stocks at the end of the month stood at $400,000,000, seasonable major industries amounted to $12,000,000, and retailer's goods on hand came to $3,000,000.

Sales of manufacturers in July rose $600,000,000 to a total of $26,000,000,600, the $60,000,000 decline in disposables and non-disposables makers. Wholesale sales rose $1,000,000,000, with door-to-door sales gaining a like amount to a $16,700,000,000 total.

In the automotive industry United States passenger car production remained in low gear the past week, "Ward's Automotive Weekly" reported, although several more manufacturers moved into 1959 model assembly.

Turning out their first new models last week were Pontiac and Oldsmobile at both their Michigan plants and outlying B-O-P facilities.

However, with Chevrolet, Cadillac, Edsel, Mercury, Plymouth and "Ward's" calculations, a total output of 17,973 cars contracted to 11,572 the week before. Production of all new cars reached an estimated 5,306 units compared to 9,916 in the previous week.

The only 1958 models still in production were the Weinsberg, Mich. plant. This factory will end production in mid-September.

Although the threat of strikes clouds the outlook, the statistics show it to be in good hands. Total weekly production stood at 165,500 units, an improvement over August's 180,313 units.

More than 95% of this month's production will be 1959 models, it added, compared to an 8% share for the previous versions last year.

It observed that Buick will be the first of the 1959 models to bow publicly, again barring strikes which could delay the announcement. The Buick is slated to go on display in dealer showrooms Sept. 19.

Boosted by a sharp rise in New York City, the valuation of building permits issued in 217 cities rose to all-time high in July. In New York, building permits reached a new high of $472,820,000, up 34.4% over the previous record level of $370,633, 405 in June and 30.2% above the $335,880,000 of July 1958.

New York City permits in July climbed $87,900,704 to $326,213,291 of the prior month and exceeded the $3,259,346 of July a year ago, by 214.1%. The July, 1958 level was 117.7% less than the record high of $188,626,434 set in May.

Steel Output Set to Attain Highest Pace of 1958

At 65.1% of Rated Ingot Capacity

The construction industry will spur the nation's recovery from the economic doldrums, "Steel" magazine predicted on Monday last.

It observed that building requirements are at a seasonal peak, helping to push the nation's construction activity to new highs. Construction bookings for May, June and July surpassed those of any month since November, 1957.

July sales of fabricated-structural steel used in construction reached the highest level in 14 months. Fabricators booked orders totaling $27,410,340 compared with last month's total of $24,100,000 since the recession hit the industry in June, 1957.

July, it noted, was significant in another respect in that bookings for new mill output were 212,590 tons in the first time for this year. As their backlog grows, fabricators will abandon band-month buying policies and build inventories of structural shapes, "Steel" states.

Demand for reinforcing bars has improved steadily, aided by Federal highway programs with June shipments the largest in two years.

The railroad equipment market, which has been depressed all year, approached record levels on the strength of a 34% increase of capacity with output about 1,700,000 tons of steel. According to Whittington, steelmakers had to pay double time and a quarter for holiday workers to keep up with orders. On July 4, operations fell 10 points with district rates as follows:

- St. Louis at 7% of capacity, down 3 points; Cincinnatti at 77, down 6; Cleveland at 63, down 13; Chicago at 33, down 15; St. Paul, at 57, down 7; Milwaukee at 23, down 6; Kansas City at 63, down 12; St. Louis at 77, down 6; Minneapolis at 43, down 8; Milwaukee at 67, down 7; Detroit at 50, down 2; Cleveland at 52, down 2; pints; Birmingham at 77, down 6; Boston at 35, down 2 points.

"Steel" composite of steelmaking scrap prices rose another $1 a ton to $78.50 a ton, while the mill prices generally held back orders pending clarification of business outlook.

The American Iron and Steel Institute announced that the operating rate of steel companies will average 108.3% of steel capacity for the week beginning Sept. 8, 1958, equivalent to 1,674,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of 106.7% of capacity in the week ended Aug. 30.

Output for the week beginning Sept. 8, 1958 is equal to 65.4% of the capacity of the Jan. 1, 1958 annual capacity of 1,452,950,000 tons of steel.

For the four week period ending the week of Aug. 30, 1958 output decreased by 247,000,000 tons below that of the comparable week in 1957 and registered an increase of 1,079,000,000 tons above that of the week ended Sept. 8, 1958.

Car Loadings in Week Ended Aug. 30 Rose 1.9% Above Prior Week but Were 13.4% Under Like 1957 Period

Loadings of railroads for the week ended Aug. 30, 1958 were 11,745 cars or 1.9% above the previous week.

Loadings for the week ended Aug. 30, 1958 totaled 454,432 cars, a decrease of 101,688 cars, or 13.4% below the corresponding 1957 week, and a decrease of 138,834 cars, or 17.7% below the corresponding week in 1956.

Automotive Output Held at Low Levels Last Week As More Manufacturers Move to 1959 Model Assembly

Automotive production for the week ended Aug. 30, 1958 according to "Ward's Automotive Reports," remained in low gear last week as several more manufacturers turned to the assembly of 1959 models.

Last week's car output totalled 17,793 units and compared with 11,572 (rev.) last week and 13,030 (rev.) the previous week. The past week's production total of cars and trucks amounted to 18,810 units, or a decrease of 136 units under that of the previous week's output, states, "Ward's."

Last week's car output rose above that of the previous week by 2,211 units, or 13.6%, and above the 17,416 units produced the week before. Last week's production total amounted 17,416 units produced the week before. Last week's production of cars and trucks amounted to 17,416 units produced the week before. Last week's production total amounted 17,416 units produced the week before.

Lumber Shipments Advanced 10.8% Above Output in June, 1958

Lumber shipments of 482 reporting mills in the week ended Aug. 30, 1958, were 10.8% above production, according to the National Lumber Trade Barometer. Within the same period new orders were 5.6% above production. Unfilled orders amounted to 45% of stocks. Production was 23% below shipments 1.6% above and new orders were 6.9% below the previous week and 5.1% above the like week in 1957.

Business Failures Turned Sharply Lower in Holiday Week

Industrial and financial failures dropped to 191 in the holiday week ending Aug. 29, 1958 according to Dun & Bradstreet, Inc., reported. Not only were casualties lower than any week since May, 1955, but the 191 reported during last week, 190 in the comparable week last year and 196 in 1956. Failures for the year to date of 1958 were 6.2% lower than in the similar week of pre-war 1939 when 209 occurred.

Liabilities of $5,000 were involved in 189 of the week's casualties, less than the $5,000 average of 1957. Liabilities of $5,000 or more, however, rose to 213 in the previous week and 183 a year ago. A milder dip between small failures with liabilities under $5,000, down from 23 to 22 last week and 23 in 1957. Twenty concerns succumbed involving liabilities in excess of $100,000 as against 25 in the preceding week.

This week's decrease centered principally in retailing, where failures dropped to 91 from 138, while the construction toll declined sharply, from 11 to 6. In retailing, the number of failures fell for the 12th consecutive week and for the 20th in the comparable week last year and the 106 in 1956. Failures for the year to date of 1958 were 6.2% lower than in the similar week of pre-war 1939 when 209 occurred.

Wholesale Food Price Index Set a New Low for the Year

The wholesale food price index, compiled by Dun & Bradstreet, Inc., fell again last week to $68.39, setting a new low for the year. The index stood at $68.44 a year ago. While the index of Sept. 2 was down 0.8% from the $68.44 of the prior week, it was up 1.1% from the $68.32 of the similar date a year ago.

Commodities quoted higher the past week were flour, wheat, rye, butter, eggs, steers and hogs. Lower in wholesale price were oats, barley, hams, lard, coffee, cocoa and potatoes.

The index represents the sum total of the price per pound of Continued on page 28
The State of Trade and Industry

Wholesale Commodity Price Index Rose the Past Week Spurred by Far East Situations

Of the group of price indices reported by the Federal Reserve Bank of St. Louis, the Chicago index showed the greatest strength in the past week than it has in over a month. All contracts on the Board of Trade at Chicago closed at prices 7.3% higher than a year ago. Of this rise, the silk and rayon group contributed the most, and the grain hop index also showed a significant increase.

Price indices for the past week were as follows:

- Chicago: 110.7% higher than a year ago
- New York: 109.2%
- St. Louis: 106.9%
- Minneapolis: 104.9%
- Kansas City: 103.1%
- Houston: 101.5%
- Philadelphia: 99.7%
- San Francisco: 99.1%
- Detroit: 98.5%
- Cincinnati: 96.2%
- Cleveland: 95.3%
- Boston: 94.2%

The rise in the Chicago index was due to increased demand for raw materials, particularly for silk and rayon. The grain hop index also showed a significant increase due to tight supplies and strong demand.

Prices for the past week were as follows:

- Wheat: 5.3% higher
- Corn: 4.2%
- Oats: 3.9%
- Barley: 3.7%
- Soybeans: 3.5%
- Cotton: 2.8%
- Copper: 2.5%
-铝: 2.3%
- Lead: 2.1%
- Silver: 1.9%

The rise in prices was due to increased demand and tight supplies, particularly in the grain market.

Trade Volume in Late Week Slightly Ahead of Like Period a Year Ago

As shoppers continued to step up apparel purchases last week and brought back many of the post-season sales, retail volume was slightly ahead of the same week a year ago. Many stores reported that sales were up, particularly in clothing and accessories.

The dollar volume of retail trade in the period ended on Wednesday, July 20, 1958, was 1.1% higher than a year ago, according to data collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1957 period.

Consumers stepped up purchases of furniture during the week. Sales of household appliances, particularly large household appliances, were up, as were sales of clothing and accessories.

The holiday stimulated sales of picnic specialties, ice cream, fresh fruit and vegetables, and other food products.

Economic Issue and Management

We know that empty stomachs cause political revolutions, that they are the principal cause of the political collapse. The only question is when the situation will come to be.

The Communists have been where we are. It is in this area that men often feels first the effect of his political and social status.

Order. But we must remember that a political front is the third battle ground — the economic front. This must be a new problem and a new political battle for the resources of our state.

In the final analysis, then, the economic battle is the political battle.

The evidence of the last 40 years, especially since World War II, shows that the economic battle is the political battle.

The Communistacisthen, is not the only one to do this. The people of the world, the workers of the world, the peasants of the world, the farmers of the world, the intellectuals of the world, are all doing this.

The evidence of the last 40 years, especially since World War II, shows that the economic battle is the political battle.

The work of the last 40 years, especially since World War II, shows that the economic battle is the political battle.
where needs are not met, be held in check—or will it explode and redefine our very idea of the world? This population pres- sure will prevent strategic targets for economic growth as accelerating nationalism does in Asia, the Middle East and Af- rica.

We can hope that the Soviet system remains as stuck and stasis and as inflexible as it is today. But it is hazardous to rely on such hopes. In the past, we deluded ourselves with the notion that the Soviet system somehow was going to mellow. We recognize that while the Russians may not re- spire their political techniques and ends, there is an increasing and influential social movement in the population which by now—with an official policy of "Stability and Growth"—enjoys a built-in vested interest in order and stability. The occa- sional changes that occur within the Kremlin do not alter the direction of policies and the vigorous, all-purpose nature of the commu- nal rulers.

The Soviet Union has an urgent need of national purpose with the increasing importance of our national and global domination, and it has demonstr- ated its ability, by force when necessary, to impose its will on the people and its satellites to work for the sake of international prestige against the threat of communistic world domination, our sense of national purpose and national dangers dangerously inadequate.

In our own country, our po- litical freedoms, our social and cultural heritage, our dedication to the truth, seem such a petty matter that we believe that we do not have a strong enough sense of purpose and dedication—to advance what we stand for.

We must take the offensive. There is little hope of reac- ting to the Soviet challenge. Too much of their action has been negative and de- fensive. We must have a positive program of our own, one supported by the bulk of the people, which rest upon a realization of our ideals and principles, preserves and extends and expands the world, and eliminates eventually the risk of the Soviet system and the barriers to human progress. Such a program will be based on the aspirations of free men and a clear recognition of communism's de- terminant intention and capacity to thwart this realization.

To advance our objectives and to meet the Soviet threat, we need, then, a sense of national purpose and dedication. We need this at all levels of our society. We need it urgently and extensively at the managerial level.

Areas of Managerial Responsibility

The challenge to management has an especial significance for our country. It is concerned with the unique responsibility that management has to society and to its own employees.

What are some of the most important areas of managerial responsibil- ity? Here are some suggestions.

First and foremost, management must accept its responsibility, along with all the other institutions of dynamic economic strength and growth, to fulfill the responsibilities of a viable economic system. The U.S. cannot fulfill the responsibilities laid upon it unless it is economically viable and financially secure.

The full acceptance of this responsibility is the key to our management attitude based on realism, an at- titude fully responsive to the present economic situation. The complement, over-optimism and over-enthusiasm, are areas of responsibility that characterized our past recent must be replaced by vigorous and dedicated efforts to enhance all our inherent strengths—spiritual, moral, economic, social and polit- ical. Above all it must be an atti- tude of selfless dedication to our

The Second, the fulfillment of the responsibility requires not only the management of its own business but the fulfillment of the business in its relationships to a broader framework; in this addition, management policies must be recognized as being an imperative objective of long-run economic growth and strength. In the words of President Drumm- mond, "We must ... be pro- ducitives in the formulation of policies that express this objective and to establish this business, industry and the community of commercial and those which support these policies and goals.

Third, the challenge to manage- ment has a direct bearing on us. Let's work to make the business more responsive to the profit motive—it includes the recognition that the management policies will correspond increasingly to a "profit motive." The past several decades have witnessed an ever- increasing acceptance of social values and the business and employees to the com- munity, to our organizational and educational needs. This social responsibility must now include the policies and programs which support national objectives and the national interest.

Fourth, American management does not accept its in- genuity and skill, for its internal ag- onal ability, for the efficiency and profitability of the company, and to adjust to the ac- cept-ant'to im- provement. The rapidity of social change here and throughout the world, the increasing power of international media, the growing awareness of social and political issues, our own, and the pervasive issue, will all require that management prove adequate to the unprecedented tasks ahead.

Incompetent management, if management prove adequate to the unprecedented tasks ahead.

At least, a clear commitment of management.
Mutual Funds

By ROBERT E. RICH

Broad Street Investing to Purchase
Assets of Jefferson Custodian Fund

The United States District Court for the Southern District of New York has approved a plan of reorganization for Jefferson Custodian Fund, Inc., which is adopted by holders of Jefferson Custodian at a special meeting scheduled for Sept. 30, which will result in the purchase of the assets of the fund by Broad Street Investing Corporation.

The court-approved plan is a sequel to action taken by the Securities and Exchange Commission last March 14, when it asked the court for an injunction against certain directors and officers of the fund and against a number of receivers appointed by the court to hold the fund's assets for the purpose of reorganization or liquidation, as subsequently directed by the court. At the time, the SEC advised shareholders of Jefferson Custodian that its action "should not be construed as a reflection on the value of their shares." In an attempt to resolve the affairs of the fund have been the stricken by the efforts of Thomas A. Ahearn, Jr., temporary receiver, and the asset value of its shares has risen from $4.45 to $4.92.

Broad Street Investing is the largest mutual fund in the group of investment companies sponsored by J. & W. Seligman & Co. It is a diversified fund now in its 19th year of operation, and its assets currently approximate $129 million.

The plan of reorganization is to be submitted to shareholders provides for the sale of the assets of Jefferson Custodian to Broad Street Investing in exchange for shares of Broad Street Investing valued at $53,000,000. Upon completion of this transaction, Jefferson Custodian would distribute the shares of Broad Street Investing received to its own shareholders on a pro rata basis in exchange for its own shares and would then dissolve. The plan is conditional on the receipt of satisfactory assurances by Treasury Department officials that the transactions involved are tax-free both to Jefferson Custodian and its shareholders.

Wellington Fund

Share Sales Continue Upward

Wellington Fund sales for the month of August, 1957, the last month before introduction of the companion Wellington Equity Fund, again established a new all-time sales record, according to A. J. Reynolds & Co., Inc. August sales amounted to over $9 million, the highest for any August period in the 23-year history of the Wellington Fund. The comparative August figures are as follows:

August 1935 $50,000,000
August 1936 $60,000,000
August 1957 $90,000,000

Increase $29,004,004

This continues the trend of record sales periods during the past four years. August sales and the comparable eight-month figures are as follows:

Eight months 1957 $75,770,000
Eight months 1956 83,716,873

Increase $12,046,868

The total of new Wellington Fund sales on Aug. 25, 1957, were $756,188,326.

Puritan Fund Adds

To Holdings in Rail Securities

New common stocks added to the portfolio of Puritan Fund during the three months ended July 31, 1957, include: Garrett & Dyer; Houdy; Hammond Organ; Interchelocal; Louisville & Nashville RR; R. L. Wilson & Co.; Vanadium; Western Electric; Woodruff; Wyoming Central RR; and the York Central RR. Eliminated from common holdings were C.I.T. Financial; Crucible Steel; Curtiss-Wright; Hazeltine; and the National Bank of Arizona. Consolidated Power; Fullman; St. Joseph Lead; St. Louis Public Service; class "A," and Sinclair Oil. Decreases were made in American Viscose; Colgate-Palmolive; Simmons, and Wilson & Co.

Total Net Assets of

Managed Funds Inc. Exceed $60 Million

Total net assets of the 11 Managed Funds Inc. , Inc. share classes surpassed the $60 million mark for the first time this month ended Aug. 29, Hilton H. Slayton, President of the nationally di-

nationally distributed through investment dealers by

Delaware Distributors, Inc.

300 Broadway, Camden 3, N. J.

Affiliated

Fund

A Common Stock Investment Fund

investment objectives of this Fund include the growth and capital income growth for its shareholders.

Prospectus upon request

LORD, ABBETT & CO.

New York — Chicago — Atlanta — Los Angeles
The Crisis in Railroading

Two With Paine, Webbe
(Special to The Financial Chronicle)

LONG BEACH, Calif.—E.

H. H. Seekle has been connected

with S. & W. Walker & Co.,

125 East First Street,

members of the Pacific

City Bank of Los Angeles,

which was formerly with

Kerr & Bell.

Two With Paine, Webbe

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—James E.

Webbe and H. H. Seekle have been

connected with S. & W. Walker & Co.,

125 East First Street, members of the Pacific

City Bank of Los Angeles, which was formerly

with Kerr & Bell.

The Crisis in Railroading

In the coming Senate debate be¬

cause it has been estimated that

can taxpayers have shelled out

more than one-and-a-half billion

dollars for the railroad mili¬

tine and operation. Neither

ship nor carriers pay for the

railroad debt, but it is a pure and unabated sub¬

sidy paid by the American people.

The three Presidents of the United States and the Hoover Commission

are following the same carriers,

thus far to no avail.

Passenger Traffic Burden

Our passenger traffic is still

burdened by a tax as is estab¬

lished early in World War II to

to the existing burden. It has

been a mighty effective tax

—still it is discouraging travel

because of the reduced service

which is particularly burdensome
to the Eastern railroads. Most of our

passenger traffic is on the private

railroad, since the automobile, which
carries

is a far better way to the intercity

traffic. The remaining share has

been cut into sharply by the air

travel. In all these respects,

the destruction of the railroad

industry has been enormous. At

one time larger ones no longer get

out and out cash subsidy they re¬

ceived. The public wants of them a huge indirect salvo of public

ports and navigational guides for

unification.

Just last month the government

announced a giant new airport for

Washington at Fairmount, near

Philadelphia, Pa. The original appropri¬

ations of $25,000,000 and

acquisi¬

tions that Congress will use to

build up the additional 30 to 40

miles of airport has been com¬

plete the union. Station Waukesha,

Wisconsin, is a railroad connection

that has built with railroad funds.

It pays property and income taxes. But

its busy season is the apple harvest.

Sometimes they say we railroad

Presidents in the Red Sox finale, the

Boy we got a hellbilly by leeching

that station.

Well, you may wonder, what

can be done? We certainly are not going to

idly stand aside while

airports, stop planes from flying

through our territory, and to

drop anchor. Can the railroads

ever like the combination of the

Straits and Boston.

I have great hopes we can. I believe

the public sentiment of the American public will not

allow the railroads to go the way of the

airports. We are looking over the rest of the world (except for

one country) and railroads have put

particular hope in the transportation

system of the future. Arbuckle's

system was established by the Senate under S. 303.

The Senate, in holding the ex¬

tenions of the bill last year, learned a great deal about the railroads and

the network of Arctic roads which

recognizes there are other matters

relating to Federal regulation that

needs to be done. We are dealing

with the Transportation Act of

1920, the New York Times and

established by the Senate under S. 303.

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Securities Now in Registration

* INDICATES ADDITIONS OR REVISED ISSUE • ITEMS REVISED

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Securities Now in Registration
notes to be offered in units of four shares of stock, $5,000 of bonds, and $500 of notes. Price—$75 per unit. Proceeds—For development of property for Jed¬
meet Motor Hotel in Baton Rouge; for equip¬
ment and working capital.

First Bakcners Co., Inc., Clifton, N. J. Sept. 7 filed $1,000,000 of 12% notes, payable nine months after date in units of $100 or in mul¬
tiples thereof. Price—100% of principal amount. Proceeds—To be used 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.

* Fleming Co., Inc. Sept. 2 (letter of notification) 18,750 shares of common stock (par $5). Price—$16 per share. Proceeds—For construction and acquisition of new frozen foods facili¬
ties; acquisition of equipment and, in working capital. Office—600 Garlinghouse Bldg., To¬


* Florida Water & Utilities Co., Miami, Fla. Sept. 4 filed 55,000 shares of common stock (par $1). Price—$7 per share. Proceeds—Together with other funds, to be used to increase the company's independence, for working capital, and for property additions and improve¬

Forest Laboratories, Inc. March 29 filed 150,000 shares of capital stock (par 16 cents). Price—$5 per share. Proceeds—For sales pro¬
tion of company's products, working capital, addi¬
tional funds for research and development and for other general corporate pur¬

* Fred Astaire Dance Studios (Metropolitan New York), Inc. (9/15) Aug. 7 (letter of notification) 1,000,000 shares of common stock (par $2.50). Price—$2.50 per share. Proceeds—For general working capital.


* General Western Life Insurance Co. Aug. 12 (letter of notification) 31,011 shares of common stock (par $1). Price—$1 per share. Proceeds—To be sold on the basis of one new share for each seven shares held; war¬
time proceeds, $10,000 to be offered to stockholders on or before Oct. 20, 1957, then to pub¬lic. Price—$5 per share. Proceeds—For general purposes. Underwriter—First City Bank, Chicago, Ill.

* Great Northern Life Insurance Co. Sept. 16 (letter of notification) 125 shares of common stock (par $1). Price—$1 per share. Proceeds—To be offered upon exercise of warrants which are to be sold at $25 per warrant to organizers, incorporators, management, and certain other persons, and for working capital and general corporate purposes. Underwriter—First City Bank, Chicago, Ill.

* Gulf States Utilities Co. Aug. 14 filed $17,000,000 of first mortgage bonds, write up to $5,000,000 of second mortgage bonds, and $5,000,000 of debentures due 1978. Price—To be supplied by amendment. Proceeds—To be used for the retirement of indebtedness totaling $15,000,000, for acquisition of new manufacturing and distribution facilities aggregating about $1,500,000, and for other corporate purposes, including additional working capital. Underwriters—Morgan Stanley & Co., New York; and McDonald & Co., Cleveland, Ohio.

* Kidder, Peabody & Co. (7/20) Continued on page 34
Haydu Electronic Products, Inc.

Laughlin Alloy Steel Co., Inc.
Aug. 28 filed notice of public offering of 7,600,000 shares of common stock (par $1) to be offered in units of $100 per unit, for public sale. Proceeds—To refund $157,000,000 in long-term obligations. Underwriter—None. Proceeds—To be used for working capital, expansion and general corporate purposes. Offering Price—$95 per share.

Laclede Gas Co.
June 16 filed 10,000,000 shares of common stock (par $1) to be offered for public sale. Price—$100 per share. Proceeds—To be used for the exploration of mines and development of new plant. Underwriter—To be determined. Offering price—$95 per share.

Idaho Manufacturing Co., Inc.
Aug. 11 filed 10,000,000 shares of class A stock (par $1), $170,000 of 8% subordinated debentures and 2,000,000 shares of common stock (par $1) to be offered publicly. Price—$15 per share for the common stock and $100 per unit for the debentures. Proceeds—To be used to develop new product lines and to expand existing operations. Underwriter—None.

Industrials Corp., Washington, D. C.
July 31 filed 600,000 shares of common stock (par one cent). Proceeds—To be used for the operating and capital needs of the company. Underwriter—None.

Industrial Transistor Corp., N. Y.
July 21 filed notice of public offering of 10,000 shares of stock (par $1). Price—To be related to the market price. Proceeds—To be used for the development of new products. Underwriter—None.

Investors Reality Mortgage & Financial Corp.
July 6 filed notice of public offering of 2,000,000 shares of common stock (par $5) and 1,000,000 shares of subordinated debentures (par $100) to be offered publicly. Proceeds—To be used for the development of new business. Underwriter—S. D. Fuller & Co., New York.

Iron Oxidizing Co. (1925)
Aug. 21 (letter of notification) 28,000,000 shares of common stock (par $1). Proceeds—To be used for the development of new ore and to expand and operate graphite and mica properties in Alabama. Underwriter—None.

Iron Ox Yeates Co., Inc.
July 31 filed notice of public offering of 200,000 shares of common stock (par $1). Proceeds—To be used for the development of new products. Underwriter—None.

Iron Ox Manganese Co., Inc.
Aug. 28 (letter of notification) 1,000,000 shares of non-assessable par 10% preferred stock (par $100 per share). Proceeds—For mining expenses. Address—Box 419, Sandpoint, Idaho. Underwriter—None.

J. E. Plastics Manufacturing Corp.
July 24 filed notice of public offering of 500,000 shares of common stock (par $10). Proceeds—To be used for the acquisition of new equipment and for the expansion of selling and, as otherwise dealing in real estate, or matters pertaining to real estate. Proceeds—To be used for the acquisition of new equipment and for the expansion of selling and, as otherwise dealing in real estate, or matters pertaining to real estate. Underwriter—None.

J. R. Boland & Co., Inc.
Sept. 8 filed by amendment an additional 100,000 shares of common stock (par $1). Price—At market Proceeds—For investment.

Laclede Steel Co., Inc.
Aug. 25 (letter of notification) 1,412,000 shares of common stock (par $1). Price—$100 per share. Proceeds—To pay expenses of organization and for working capital. Address—300 North Nineteenth Street, St. Louis, Mo. Underwriter—None.

Laughlin Alloy Steel Co., Inc.
Aug. 28 filed notice of public offering of common stock (par $1) to be offered in units of $100 per unit. Proceeds—To refund $157,000,000 in long-term obligations. Proceeds—To be used for working capital, expansion and general corporate purposes. Price—$95 per share. Underwriter—None. Proceeds—To be used for working capital, expansion and general corporate purposes. Underwriter—None. Proceeds—To be used for working capital, expansion and general corporate purposes. Underwriter—None.

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Laughlin Alloy Steel Co., Inc.
Aug. 28 filed notice of public offering of 7,600,000 shares of common stock (par $1) to be offered in units of $100 per unit. Proceeds—Together with a $157,000,000 mortgage loan from the issuer, to be used to acquire 965 acres of land and to provide working capital in acquiring latter company's South San Francisco factory and for general corporate purposes. Underwriter—None. Proceeds—Together with a $157,000,000 mortgage loan from the issuer, to be used to acquire 965 acres of land and to provide working capital in acquiring latter company's South San Francisco factory and for general corporate purposes. Underwriter—None. Proceeds—Together with a $157,000,000 mortgage loan from the issuer, to be used to acquire 965 acres of land and to provide working capital in acquiring latter company's South San Francisco factory and for general corporate purposes. Underwriter—None.

Laughlin Alloy Steel Co., Inc.
July 31 filed notice of public offering of 10,000,000 shares of common stock (par $1) to be offered for subscription by present stockholders. Proceeds—To be used for the purchase of common stock of the company. Underwriter—None. Proceeds—To be used for the purchase of common stock of the company. Underwriter—None. Proceeds—To be used for the purchase of common stock of the company. Underwriter—None.

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North Carolina Natural Gas Corp. (8/15-19) July 31 filed $3,520,000 of subordinated income debentures due Aug. 15, 1963, and $320,000 of common stock (at $2.50) to be sold for the development, construction and operation of new and additional facilities. Proceeds—To be used for the development of new and additional facilities. Underwriter—El Paso Management Co., Colorado Springs, Colo.


Prairie Fibreboard Ltd. Aug. 18 filed 209,993 shares of common stock (at $1.50) to be sold for cash bank. Proceeds—For federal and provincial income tax refund. Underwriter—None.

PREFERRED RISK LIFE INSURANCE CO. Aug. 18 (letter of notification) 1,000 classes A of preferred stock (at $100 par value). Proceeds—For investment. Underwriter—Colorado Springs, Colo. Underwriter—None.

Private Enterprise, Inc., Wichita, Kansas May 29 (letter of notification) 900,000 shares of common stock (price $1.50) for public offering. Proceeds—To be used to organize and operate an educational and entertainment organization. Underwriter—None.

Public Service Co. of Indiana, Inc. (9/17) Aug. 27 filed 242,228 shares of convertible preferred stock (price $100 par value) for public offering. Proceeds—To be used for general corporate purposes. Underwriter—None.

Rasco Financial Corp. June 20 filed $1,000,000 of 15-year 6% series A sinking fund debentures due Aug. 15, 1975, at 97% (of face amount). Proceeds—To retire $40,000 of 6% convertible bonds due Aug. 15, 1958. Underwriter—None.


Shenandoah-Bolton Hotel Co. June 2 filed 70,000 shares of common stock (price $1 par) for public offering. Proceeds—For working capital. Underwriter—J. A. Hogle & Co., Salt Lake City, Utah.

South Carolina Electric & Gas Co. Aug. 15 filed $13,000,000 of convertible mortgage bonds due 1968. Proceeds—To buy back $5,000,000 of 6% convertible debentures due Sept. 15, 1963, to be offered for subscription by stock holders on a pro rata basis. Proceeds—Proceeds—To sell stock holders and for working capital. Underwriter—None.


Stone Industrial Co. Sept. 3, 1958, (letter of notification) 9,000 shares of 8% cumulative preferred stock (price $50 par) for public offering. Proceeds—To be used to retire $10,000 of 7% Treasury Bonds due Aug. 15, 1957. Underwriter—None.

Suburban Gas Service Inc. (9/16) Aug. 16 filed 100,000 shares of common stock (par $1), for sale to the public and exchange of 2,500 shares of preferred stock and 50,000 shares by selling stockholders. Proceeds—To be invested in the purchase of additional franchise facilities and for retirement of bank loan and obligations incurred in connection with minor acquisitions and for the purchase of fixed assets of Red-Gas Co. The balance, if any, will be added to working capital to be used for working capital, expansion and general corporate purposes. Underwriter—United States, 101 East 52nd St., New York, N. Y., and 900 Madison Ave., New York, N. Y.

Taft-Koch Corp. (9/15) Sept. 6 filed 300,000 shares of common stock (par $10) for public offering. Proceeds—To be invested for the development and expansion of the company's present business. Proceeds—Proceeds—To sell stock holders and for working capital. Underwriter—None.

Tennessee National Industries Corp., N. Y. July 12 filed 500,000 shares of common stock, class B, $1 par value. Proceeds—To manufacture on a contract basis an automatic telephone answering instru-
Sumpter Oil & Gas Co., Inc. May 8, filed 1,200,000 shares of common stock (par $1) to be offered for subscription by holders of 5% preferred stock for 10 years. Proceeds—To investment in oil and gas properties.

Tricon, Inc. May 16 (letter of notification) 150,000 shares of common stock (par $1) to be offered for subscription by holders of preferred stock, each such share held on or before the record date for preferred stockholders of record Sept. 9, 1958, at the rate of one preferred share for each 27 shares held; rights to subscribe will expire about Sept. 30. Proceeds—To be used for construction of new wells and for general corporate purposes. Underwriter—Black, Smith, Barney & Co., Inc., New York, N.Y.

Trigon Oil & Gas Co., Inc., Miami, Fla. May 16, filed 25,554 shares of convertible preferred stock (par $100) to be offered for subscription by holders of common stock on a pro rata basis. Proceeds—To be used for further exploration and development of oil and gas lands. Office—559 Jefferson Ave., Buffalo, N.Y.; Underwriter—Frank P. Hunt & Co., Inc., Rochester, N.Y.

Utah Power & Light Co. May 8 (letter of notification) 390,000 shares of capital stock to be offered for subscription by stockholders of record at the close of business on Aug. 31, 1958. Proceeds—For construction of power plants and electric power projects and other improvements. Underwriter—Blyth & Co., Inc., New York, N.Y.; Underwriter—AnalyticMultigraph Corp. (10/8) Sept. 9 it was announced company plans to offer to its common stockholders of record about Oct. 1, 1958, the right to subscribe for 141,133 additional shares of common stock on the basis of one new share for each 21 common shares held. Price—To be determined later. Proceeds—For general corporate purposes. Underwriter—Four Underwriters, Inc., New York, N.Y. Registration—Scheduled for about Sept. 17.

Arabol Manufacturing Co., N. Y. (10/9) July 14 it was announced that the country contemplating the issue of 200,000 shares of common stock (par $100). Proceeds—For general corporate purposes.

Arbitration—Expected in October or early November.

Bank of New York. May 26 it was announced that the bank stockholders will vote Sept. 20 on increasing the capital stock by 118,000 shares to a total of 270,000 shares. Proceeds—To acquire additional $5,000,000, 5% cumulative preferred stock and offer stockholders the right to subscribe for the new shares at par. Price—To be fixed shortly. Proceeds—To be used for general corporate purposes.
Federal Reserve Bank of St. Louis

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March 24 it was announced company plans to issue and sell $5,000,000 of 3-year debentures due Nov. 1990. Proceeds—To repay bank loans.


—Norfolk & Western Ry. (9/10) (11/13) (12/18) Bids will be received this Fall by the company for the purchase of 30,000 m.u. of 1955 call bonds at rates due from 11-13 years, viz: Oct. 9, $7,440,000; Nov. 6, $7,440,000; and Dec. 1, $7,650,000. Proceeds—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co.; and Lehman Brothers, New York.

Northern Illinois Gas Co.

March 10 it was announced company will sell late this year $10,000,000 mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Lynch, Pierce, Fenner & Smith, Kidder, Peabody & Co., and Morgan Stanley & Co., both of New York.

Pacific Gas & Electric Co.


—Pacific Telephone & Telegraph Co.

Aug. 21 it was reported company plans to offer to its employees a bidding for $10,000,000 of 30-year debentures of 6%, and $5,000,000 of 32-year debentures due Nov. 1990. Proceeds—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Lynch, Pierce, Fenner & Smith, Kidder, Peabody & Co., and Morgan Stanley & Co., both of New York.

—Pennsylvania Railroad Co.

Sept. 18 it was reported company plans to sell $35,000,000 of 44-year debentures. Proceeds—To redeem a like amount of $25,000,000 of 4% bonds due Nov. 1990. Proceeds—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co., both of New York.

—Pennsylvania Turnpike Co.

Sept. 18 it was reported company plans to sell $30,000,000 of 30-year debentures due Sept. 1, 1980. Proceeds—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co., both of New York.

—Peoples Gas, Light & Coke Co.

Aug. 1 the directors approved a program for the offering of approximately $75,000,000 of additional preferred stocks to stockholders in October. Underwriter—Glencoe, Forgan & Co. and The First Boston Corp., both of New York.
### Indications of Current Business Activity

#### American Iron and Steel Institute:
- Total shipments (tons): 20,403,725
- Production (tons): 20,403,725
- Imports (tons): 20,403,725
- Exports (tons): 20,403,725
- Inventories (tons): 20,403,725

#### American Petroleum Institute:
- Crude and fuel-oil inputs (barrels): 123,456,789
- Crude and fuel-oil sales (barrels): 123,456,789
- Crude and fuel-oil inventories (barrels): 123,456,789
- Crude and fuel-oil consumption (barrels): 123,456,789

#### National Bureau of Economic Research:
- Weekly index of wholesale prices: 123,456
- Industrial production: 123,456
- Money supply: 123,456

#### Bureau of the Census:
- Number of employed persons: 123,456
- Number of unemployed persons: 123,456

#### Bureau of Labor Statistics:
- Hourly earnings: 123,456
- Production indexes: 123,456

#### Federal Reserve Board:
- Money supply: 123,456
- Interest rates: 123,456

#### New York Stock Exchange:
- Average daily transactions: 123,456
- Average daily quotations: 123,456

#### Association of American Railroads:
- Freight traffic: 123,456
- Passenger traffic: 123,456

#### Civil Service Commission:
- Number of employees: 123,456
- Retirement benefits paid: 123,456

#### Metal Prices:
<table>
<thead>
<tr>
<th>Metal</th>
<th>Spot Prices</th>
<th>Futures Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel</td>
<td>123.456</td>
<td>123.456</td>
</tr>
<tr>
<td>Copper</td>
<td>123.456</td>
<td>123.456</td>
</tr>
</tbody>
</table>

#### Stock Exchange Prices:
- Dow Jones Industrial Average: 123.456
- S&P 500: 123.456

#### Exchange Rate and Money Markets:
- Average daily exchange rate: 123.456
- Average daily money rate: 123.456

#### Total Monthly Index:
- Total new construction: 123,456
- Residential building completions: 123,456
- Nonresidential building completions: 123,456

#### Other Economic Indicators:
- Consumer price index: 123,456
- Unemployment rate: 123,456
- Retail sales: 123,456

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date.
Our Reporter's Report

The stock market may appear to be headed up on a one-way street for the moment, but this cannot be said to hold true of the seasoned and new issue bond markets.

Quite to the contrary the debt securities market is experiencing a marked softening at the moment. It is the Government obligations that are being bid up rather than the seasoned and new issue bond market. This is due largely to the reduction in the Government obligations by the Administration and the possibility of a balanced budget.

Hardening of money rates naturally affects the banks and the banking public, but the firming up of credit costs is part of the same pattern observed in the market. They do not find business stormy; the banks are not in trouble.

Rather the Treasury is faced with the task of selling a considerable amount of new money and, since it cannot market any amount of new long bonds, naturally will turn to the banks using short, and to the extent possible meeting their obligations. This was the situation facing the Treasury.

Harding appeared to be moving in the right direction this week. Governments had a firmer tone and several large new corporate undertakings, including Sears, Roebuck and Montgomery Ward, were reported moving well.

It looked, though, at least insofar as negotiated deals were concerned, that new issues were finding a new footing from which to work.

But the Treasury list turned decidedly weak again, some of the recent issues falling to low levels. Such performances hardly offered any inducement to brush off some of the issues that have been postponed. And the deferred list is now substantial.

Getting a Grip

There are indications that the new market will find its footing, marking a return from the speculative prices that have prevailed during the past few years. The market is now under the influence of the Treasury, and the rate is being considered as bearing down on the market and the Treasury.

The market is under the influence of the Treasury, and the rate is being considered as bearing down on the market and the Treasury.

Paying the Price

When a firm, engaged in an expanding business, needs additional capital it often becomes necessary to pay the dividends demanded by the lender. That was the case with the First Security Corp. when Texas Eastern Transmission came into the market for $35 million this week. The First Security Corp. paid a dividend of $35 million this week.

The firm was able to finance its new expansion by issuing $35 million of new debt.

And carrying a public offering price of $9 with an indicated yield of 5.1%, which means the firm was able to finance its new expansion at a lower price.

The Week Ahead

If the major offerings on schedule for next week materialize, the market will be handling a total of around $26 million in new issues.

But of that amount Stock of Standard Oil Co. of Indiana's $200 million of preferred debt issues make up the lion's share. This big one is slated for the Wiltbrand, Wilt & Company. If I would there be no change in the situation.


JOE B. HANAUER

Taylor Adds to Staff

J. R. Williams & Co. of New York has announced the appointment of Michael D. David as vice-president of the company.

BEVERLY HILLS, Calif.—Michael D. David has been appointed as vice-president of the company.

DIVIDEND NOTICES

NATIONAL SHARES CORPORATION
1 Wall Street, New York

Dividend No. 123

On September 8, 1958, The First Security Corp. declared a dividend of 20 cents (25%) per share on the common stock of the company. The total dividend on the common stock of the company was $1.5 million.

September 24, 1958, to stockholders of record on the common stock of the company.

HUBERT H. KNOWLAND, Assistant Secretary

INTERNATIONAL SHOE COMPANY

109th CONSECUTIVE DIVIDEND Common Stock

A quarterly dividend of 45¢ per share payable on October 10, 1958, to stockholders of record on the common stock of the company.

ROBERT O. MORRIS

Vice-President and Treasurer

September 2, 1958
WASHINGTON, D. C.—The Eisenhower Administration is determined to rescue the Western mining industry from economic collapse.

The reasons for the move are partly economic, partly as defense measure, but mostly political. Ike and his team lined up a lot of support for the controversial extension of the Re- 
ciprocal Trade Act to give the companies on the promise of building out the Western mines. They got the trade act extended all right, but missed in a bid for grants to approve a half-billion-dollar mineral subsidy program.

But the White House is still ignoring the fact that it's too late to anybody to the Administration's affront now. But others, so they'll succeed, Administration insiders say.

Copper, lead and zinc are the primary minerals in the Administration's affront now. But others, so they'll succeed, Administration insiders say.

Aid from State Dept. Secretary of State Dulles's Department is wielding the bailing bucket now in the Western mining thinking. It took over the task after the Interior Department's program to get help from Capitol Hill lawyers.

Dulles' economic department experts now are meeting with officials of the State Department and several producing countries in the hope of working out voluntary limitations on the export of copper and zinc to this country. A club backed by the U.S. negotiators is the implied threat that the President will accept an earlier recommendation of the U.S. Tariff Commission for higher duties on these minerals.

This sort of threat has worked several times before, most recently in the case of Japanese Westbrook scrap shipments this country.

Special Copper Study In the case of copper, which normally would have an even higher priority candidate for help, the Administration has instituted a special study of the copper metals, partly. Its report is to be prepared by New Secretary for Economic Affairs, recently confirmed report that the Secretary was giving a lot of consideration to a demand from several Western Congressmen, including Sen. Mike Mansfield, for a stockpile program for copper.

One of the biggest problems facing the government is the extent of the copper reserves. There is an inventory of some 150,000 tons. Sen. Mansfield has demanded that the Government announce plans to purchase up to 100,000 tons of domestically mined copper at no less than 27½ cents a pound. The Senator claims that once the program was announced, the market would react and the government would have to buy only a fraction of the inventory.

Defense, Too Meanwhile, help for some segments of the mining industries may be up building up as an other-source—the Defense Department. The mistake and high-speed plant programs have thus far depended on fairly conventional mining methods. Nearly new-high-temperature-stainless steels, aluminum alloys, and the like. But as speeds, armament and electronic gear increase, the mass of these complex weapons are demanding better basic materials. As a result, some of the rare or little-used minerals are coming to the fore.

Magnesium alloys more and more are gaining ground in defense uses. In recent months, experimental planes have stepped up machine tooling with the one-time "wonder metal" to develop for arm-plating for military equipment because of high strength and low weight. A magnesium-lithium combination, interlaced with steel fibers for reinforcement are being tested.

Beryllium, used up to now in limited applications as an alloy with copper in electronic gear, is also considered a possible sleeper in the race for new missile-age weapons. One of the nation's best known ready to carry a contract to try to develop a new front of forming and shaping pure beryllium for use in skin and particularly for the new hypersonic aircraft. Its high density per unit of weight make it ideal if the problem of radiation can be solved—and many metallurgists believe it can.

Machine Tool Industry Mining industries aren't the only producers getting top priority from government business protectors of machine tool industry now is also in for a share of the Federal help. Machine tool experts in government are frank in their worry over the fate of the industry. So far, they've having some limited success in holding the tool makers away from the brink of a real financial crisis.

The industry has been caught for some time in a squeeze between the high costs of tooling, rising imports, only fair exports, and a heavy flood of government competition. This year in Congress to give the tool makers a boost by providing hefty depreciation to their customers dropped. The best the industry could get was a special allowance of 20% in the first year equipment or machinery is purchased. This is in addition to the normal first year's depreciation and applies to both new and used equipment. And it is a small part of what the industry wanted.

Government Buying Incentive Government tool-buying programs have held up fairly well in the past two years, particularly in the purchases of specialized tools. Actual dollar figures are hidden by Pentagon budget planners, but insiders guess that it has been running well over $30,000,000 a year.

At the same time, however, the government has stepped up the pace of its aid to us steelmakers. Estimates are now that the government will declare about 1,000 to 1,500 ton surplus material this year. Some guesses even run the figure as high as 25,000. Most of these are high-quality special tools, which tend to shoot the largest holes in the industry's markets.

An overall program operated jointly by the Commerce Department, the new Office of Civilian and Defense Mobilization, and the Department of Health and Welfare and Education is being pushed hard in an effort to soak up big chunks of these surplus tools.

Shipments to Schools The plan, dubbed the "tools for schools" program, calls for placing these surplus machine tools in schools and colleges for vocational and engineering training courses. The machines are donated by the government to the schools.

This program shows promise. But officials admit it could collapse at any time. The schools have asked for a total of 108,000 such surplus tools, most of them in the general purpose category. In the first half of this year, total allocations to the schools and colleges amounted to 2,745 units. This compares with 1,200 sent during all of 1956 and only 1,750 in 1957.

Monthly shipments are expected to run between 400 and 800 for the rest of the year if all goes well. This would mean that the tools for schools program would absorb about 3,000 of these surplus tools.

There is one problem that could slow the program to a walk. While the tools are free, the schools are required to pay for the transportation and installation costs, running to several hundred dollars for each unit. Schools generally operate on tight budgets, and many of them who have asked for tools may not be able to take delivery at last minute.

"Some people will do anything to have the tallest building!"


For New Writers—Booklet regarding making a book—Vanguard Press, 129 West 31st Street, New York 1, N. Y.

For Man, September, 1958—Concerning articles with which you have Signed It (Declaration of Independence, Harlan County, Common Own- ership—American Style; Inflation in a Burglar; Directorate of Free Market Upgrading; Source of Wealth; Foundations for Economic Education, Irvington-on-Hudson, N. Y. 10931, N. Y.—$5.


Italian Affairs—Containing articles in Government's Report on Somalia to the United Nations; Balance and Prospects in Productivity; Internationalization of the Southern Provinces; and Commercial Air Traffic in Italian Affairs, Via Veneto 56, Rome, Italy—15 cents per copy ($1.00 per year).

Journals of the Institute of Bankers, August, 1958—With Articles on Lending Institutions; Medium Term Credits in Pakistan; The Institute of Bankers, Lombard Street, E. C. 3, England.

Journal of Political Economy, August 1958 containing articles on Investment in Human Capital and Economic Growth; Distribution; Demand for Currency and Credit; and Balance of Payment Supply; On the Theory of Optimal Investment Decision; and Production Functions of a "Round"; Measuring Economic Growth and Price: A Case Study—University of Chicago Press, 5750 Ellis Avenue, Chicago 37, Ill., per year—$1.75.

"Little" Economics-—Problems of Urban Development—Committee for Economic Development, 1215 16th Street, N. W.— $5.00.


Pound Sterling, 1931-1958—Roy F. Harrod—Department of International Finan- cial Section, Department of Economics and Sociology, Princeton University, Princeton, N. J.


Schools for Commercial Bank Officers—Leo P. Friedman and Betty G. Fishman—Bureau of Business Research, College of Commerce, West Virginia University, Morgantown, W. Va.

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