CANADIAN INVESTMENT OPPORTUNITIES FEATURED

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EDITORIAL

As We See It

The Ford Motor Company has reached a three year agreement with the union to which its employees belong. Now a good many observers are debating the question as to whether the settlement reached is or is not "inflationary." Both the spokesman for the Ford organization, and Mr. Reuther speaking for the union, have told the public that the contract is not "inflationary." In view of the fact that this agreement is likely to prove influential in the drafting of many other similar contracts in the next few months, its terms are of very considerable general importance, and, of course, there are good grounds for taking exception to some of the things that have been said and are being said about them.

For our part, we should prefer to discard the term "inflationary" as meaning many different things to many different people, and ask whether this agreement will or will not seriously raise costs and work out in such a way as to give these workmen an unduly large proportion of current output. That is to say, we should rather discuss the question in terms of sound economic relationships between these employees, their employers and the remainder of the public. In other words, we should like to ask whether such an arrangement may be regarded as in the interest of all the people of the country. If it is not, then all of us must regret its consummation—and most of us will in one degree or another have to pay

Continued on page 36

The Outlook for Business

By JOHN D. WILSON*
Vice-President, The Chase Manhattan Bank, New York City

New York banker carefully provides a foundation for his prediction of decided improvement in business in 1959, which he believes should carry over into 1960, accompanied by a future economic environment in which it may be less easy to push prices higher and to achieve full employment. Mr. Wilson suspects, however, that employment data should be favorable for 1960 and that inherent inflationary bias will remain. He warns against reliance upon credit policy in absence of fiscal restraint to curb inflation; opines we have learned to mitigate and not end the business cycle; and views increasing population as pressuring reason for definite need to raise our economic performance goals.

The past year has witnessed a recession in general business, followed in recent months by the beginnings of a recovery. Like all recessions, this one has had its distinctive features. Not all regions have felt its impact equally; and within each region different industries have fared in different degree. The Gross National Product (the total value of all goods and services produced) fell from an annual rate of $445 billion in the third quarter of 1957 to a rate of $426 billion in the early part of this year. That is a drop of almost 4½%, and it compares with a decline of less than 3% in 1953-54. Beginning with the spring quarter, however, this broad measure of economic activity was reversed and began to creep higher. We estimate that GNP at present is running at a rate of more than $435 billion. Moreover, the trend at the moment continues to be upward.

John D. Wilson

Likewise, industrial production dropped rather pre-

Continued on page 36

*From an address by Mr. Wilson before the Northwest Electric Light & Power Association, Sun Valley, Idaho, Sept. 17, 1958.

Resurgent Canada

By DR. IRA U. COBLEIGH
Enterprise Economist

Outlining a viewpoint that the recession in Canada has run its course; and that the Canadian economy is now on a launching platform from whence new altitudes of productivity and prosperity may be reached in the surging sixties. Study includes a list of Canadian equities remarkable for their unbroken records of continuous cash dividends variously from 5 to 130 years.

In common with most of the other nations of the free world, Canada observed a pause in its economic growth extending for many months in 1957-58. The phenomena of that pause were quite similar in country after country—the elimination of scarcities, lowered capital investment, price slippages in many lines, rising unemployment, disbalanced budgets and mounting government deficits, easing credits, and a tentative sort of psychology prevailing in the business community.

Canada was no exception. It followed the pattern. After a number of years of post-war balanced budgets and fiscal surpluses, Canada reported a deficit in its last fiscal year, and will record another in 1958 in the order of $600 million. Unemployment went over the 500,000 mark in April, and nagging price slippages occurred in those base metals in the production of which Canada is most eminent — lead, zinc, copper, nickel and iron ore. Gold, which needed a price rise more than any of these, still was monolithically pegged at $35 an ounce, necessitating continuing and further subsidies to marginal producers.

Then, too, there were the international sore spots, U. S. dumping of wheat in world markets, unfavorable tariffs, and in particular restriction

Continued on page 18

LONG-TERM CANADIAN CASH DIVIDEND PAYERS—An integral feature of the cover page article "Resurgent Canada" are the tables showing Canadian listed common stocks on which consecutive cash dividends have been paid up to 130 years.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

McGregor - Doniger Company — Arthur Lipper III, Security Analyst, New York City. (Page 2).

Universal Products Co., Inc.—Dr. Joseph M. Weidberg, Miami Beach, Fla. (Page 2).

ARTHUR LIPPER III

Security Analyst
New York City

McGregor-Doniger

Of all the socio-economic forces within the United States none is more clearly apparent than the increasing expenditures on greater comfort by the average wage earner. The fact that the American worker has already been successful in attaining a degree of creature comfort heretofore unknown does in no way diminish the demand for still more.


Arthur Lipper, III

Being comfortable and being casual are a concept and a term used synonymously as relating to certain facets of daily life. Regarding apparel, many of the factors which in the past have favored sport and casual wear as opposed to formal wear will continue to exert their influence. Some of these factors are as follows:

Increased leisure time . . . longer vacations, earlier retirement, etc.

Broadening of the middle income groups.

Both an absolute and percentage increase in college attendance wherein the "uniform of the day" is now casual wear.

A movement away from urban centers by new family units.

A continued interest in participation sports (skiing, boating, golf, swimming) and activities (barbecues, walking, sightseeing, etc.)

Increased use of the automobile for pleasure and travel;

A general desire to appear youthful, vigorous and "in style" rather than "responsible and stable" as in the past.

McGregor-Doniger is in the business of selling comfort.

More specifically, this Company is the largest organization in the men's and boy's sport and casual wear industry. Having the only complete, all weather, indoor-outdoor line which enjoys broad acceptance at both the retail and wholesale level McGregor should be in an enviable position to benefit from the above noted factors.

Founded in 1921, the Company's business was the importation of men's apparel from Scotland and England. In 1924, it began manufacturing trousers, sweaters, and sports hose from domestic and imported materials. By 1928 the Company's sales were approximately $1,000,000.00 annually and the "line" continued to broaden.

In recent years the Company has introduced a wide group of sportswear made of new fibers such as nylon, Orlon and Dacron. It has been a leader in combining new fibers with natural fibers such as wool, cotton and silk and in the development of easy-to-wash apparel. The Company has pioneered in the introduction of new products having wide public appeal, including the McGregor Drizzler Jacket, which was originally developed as a light weight garment for golfers and sportsmen and is now believed to be the largest selling jacket in the men's wear field. Sales growth over the years has been almost entirely internal—the only substantial outside acquisition being the purchase in April, 1955 of the business of H. Lissner Company, Inc., a manufacturer of sport slacks, trousers and Bermuda shorts.

The Company concentrates on the production and sale of men's and boys' sportswear covering a broad price range. In recent years such sportswear has had increased acceptance for use in business and industry. The Company's five main product groups are listed below in the order of approximate sales volume.

(1) Sport shirts made of a wide variety of domestic and imported materials: 33%;

(2) Outerwear jackets made of nylon, Dacron and cotton, wool and other materials; tailored sport coats of imported and domestic wool, corduroy and the new synthetic fibers; and jackets made of suede and grain leather: 29%.

(3) Sport slacks, trousers, and Bermuda, golf and walking shorts: 16%.

(4) Swimwear, tennis wear, and knitted sport shirts and sweaters: 16%.

(5) Boys' sportswear: 6%.

It is expected that both sales and net income for 1958 will compare favorably with the 1957 results of $49.4 million and $1.62 million. Per share results should exceed $1.65 for the year ending Dec. 31.

It is interesting to note that McGregor's fixed assets, on a depreciated basis, as of Dec. 31, 1957, were $1.2 million, whereas total assets were $23.3 million and working capital $18.4 million. Working capital of $18.4 million and shareholders equity of $15.7 million were both the highest in the company's history.

McGregor-Doniger, Inc. has outstanding 1,025,000 shares of capital stock divided into two classes, Class A and Class B, the latter class being convertible at the option of the holder thereof, share for share, into Class A. 335,864 shares of Class A are held by the public and are listed on the New York Stock Exchange. 489,136 shares of Class B are owned in equal amounts by Harry E. Doniger, Chairman of the company, and William N. Doniger, President, and the balance of 200,000 shares of Class B are held in trusts for the benefit of their childen.

The Messrs. Doniger have stated that it is their present intention not to convert any of said 489,136 shares of Class B stock during 1958, 1959 or 1960. As to the 200,000 shares of Class B stock held in trust, it is the present intention of the authorized trustees to convert 66,666 shares of the Class B into Class A in each of those three calendar years.

Of the Class A outstanding, approximately 100,000 shares are held by trusts and institutions. The "A" stock receives a dividend of $.25 quarterly while the "B" may only receive one-twentieth that of the "A" or $.01¼ quarterly. Theoretically the $1.00 annual dividend could be paid out of earnings were the company to earn only one-quarter as much as it did last year. The dividend would therefore seem secure.

Since 1951 sales have increased 61% and net income 74%.

Inventories have been maintained at less than 25% of sales; this compares favorably with the average for apparel manufacturers.

The textile acquisition program of MGD is one which enables management to gear purchases to orders and sales. Only a portion (40% to 50%) of the projected fabric requirements are bought at the beginning of a season. The balance is acquired after sufficient time has passed to more accurately guage demand. As material costs represent only about 25% of the cost of a finished garment, McGregor is not seriously affected by the price fluctuations of cotton, rayon, nylon, etc.

In March, 1956 a group of underwriters offered 300,000 Class A common to the public at $16.25 per share. In September, 1956 the stock was listed on the New York Stock Exchange. The two-year range of price to date has been from 16½ high to a low of 10. The stock is currently trading around 16.

I believe that McGregor-Doniger is an attractive situation for those individuals and institutional investors seeking a secure annual return in excess of 6%, a company occupying the dominant position in an uniquely favored industry, a relatively small capitalization with less than 200,000 in other than family or institutional holdings and a price earnings ratio of currently less than 10 times 1958 estimated earnings.

It can also be demonstrated that McGregor possesses a truly superior management team *vis-a-vis* the apparel industry. The management has been able to "roll with the punches" in a highly competitive industry. The inventory policies, the diversification of line, the emphasis on creating brand acceptance at the consumer level and the tight internal control are all cases in point.

In conclusion, this writer is of the conviction that as the demand for comfort grows, so will McGregor-Doniger.

Dr. JOSEPH M. WEIDBERG

Miami, Beach, Fla.

Universal Products Company, Inc.

One of those who supposedly should always be in the class of "listeners" feels like turning the tables for once and speaking up for "the stock I like best." I don't know whether the writer can qualify as a financial expert. Yet if his fairly successful record of almost 40 years in Wall Street, during bear markets and bull markets, is any criterion—and the test of survival and usual success with rare hiatuses of short duration of losses, recovered later, should be of some value—these are my credentials.


Dr. J. M. Weidberg

The near ideal investment should be one that meets the following tests:

(1) It must not be in its swaddling clothes, but rather in the adult stage, with a history of progress behind it.

(2) It must be a growing concern with considerable room for development, not yet a full-fledged gilt-edged security, but fast becoming one.

(3) It must supply a commodity

Continued on page 43

Establishing a Basis For a Sound Recovery

By M. S. SZYMCZAK*

Member, Board of Governors of the Federal Reserve System
Washington, D. C.

Reserve official's animadversion on inflation's harmfulness reveals definite Federal Reserve policy to help achieve: (1) lasting recovery ahead of full employment as the only way to provide jobs that will last; (2) a higher interest rate pattern to overcome reluctance to invest in bonds due to fears of inflation; and (3) a cessation of unhealthy speculative tendencies and distrust of the dollar. The Governor states neither bank credit nor money supply have been cut back—though idle bank reserves have been permitted to shrink. He does not hesitate to point out that as essential as it is to have recovery with expanding employment, "it is still more essential that it be a recovery that lasts, and thus provides jobs that also will prove lasting."

Recovery in economic activity has been proceeding at a rapid rate. Within a relatively short period, industrial production has recovered more than half the 13% decline from August 1957 to the low in April of this year.

Describes Recovery to Date

The recent increases in activity have been widespread and, it is important to note, have included advances in industries producing capital equipment. This is in contrast to the continued declines experienced in equipment industries after the total index of industrial production had reached its low in the two earlier postwar recessions. Significantly, the recently completed survey of prospective dollar outlays for plant and equipment indicates outlays for the third quarter of this year will hold level rather than decline as indicated earlier, while in the fourth quarter outlays will show a moderate rise. So far, construction of industrial buildings has continued to decline, but private housing starts have risen sharply—to the highest level in over two years. Altogether, construction activity has risen about 5% since mid-spring.

M. S. Szymczak

Meanwhile, output of steel and most other major material for manufacturing and construction uses has increased considerably since spring when business inventories were being rapidly liquidated.

While the increase in employment has been moderate and the rate of unemployment has changed little after allowance for the usual seasonal influences, personal income has reached a new record high. Consumer buying has expanded again, and it is close to the record highs of the summer of 1957. Expenditures for goods and services other than autos—which currently are undergoing the annual change-over to new models—have reached new highs.

On the price front, where attention focused on advances in prices of some sensitive industrial materials last spring and in steel prices last summer, wholesale prices of most finished goods have changed little recently, and the very slight further increase in consumer prices in July, latest month for which figures are available, has been followed by a period in which retail prices of foods may have declined somewhat.

Real Recovery Better Than False Jobs

So far, so good. But essential as it is to have a recovery under way, carrying with it promise of expanding job opportunities for those seeking work, it is still more essential that it be a recovery that lasts, and thus provides jobs that also will prove lasting.

It is to this end, the establishment of a basis for a sound prosperity that will endure, that the Federal Reserve System is devoting its efforts. In those efforts, it is necessary for the System to recognize that inflation is not merely a phenomenon of rapidly rising prices. Indeed, if we wait until that stage is reached, we will have waited too late to be effective against the inflationary pressures that brought about the price increases.

Present Inflationary Danger Signals

The System, therefore, must be alert to the causes of inflation, most particularly those causes of inflation that are monetary in character and hence tend to escape the notice of the millions who have no time, and little inclination, to study closely each day the financial pages of their newspapers. For the System must recognize at all times that the first signals of inflation can appear in the monetary field — to which the System's powers apply exclusively — manifesting themselves in distrust of the dollar and a consequent trend to unhealthy speculative tendencies that may

Continued on page 40

*An address by Mr. Szymczak before the National Association of Accountants, Washington Chapter, Washington, D. C., Sept. 18, 1958.

INDEX

CANADIAN INVESTMENT OPPORTUNITIES

Article starting on the cover page, "RESURGENT CANADA," discusses the investment opportunities inherent in Canadian securities and, by way of documenting the views presented, includes a tabulation of the banks and companies listed on the Canadian Exchanges which have paid consecutive cash dividends from 10 to 130 years (Table I, page 19) and from 5 to 10 years (Table II, page 32), along with other data of interest to investors.

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On the Market and the Funds

Following are questions put to Gerald M. Loeb, author and partner in E. F. Hutton & Company, members N. Y. Stock Exchange, and Dwight T. Robinson, Jr., Chairman of Trustees, Massachusetts Investors Trust, by A. Wilfred May, The Commercial and Financial Chronicle, with the respective replies—on a "Meet-the-Press" program before the Sales Executives Club of New York, Hotel Roosevelt, Sept. 16, 1958. Douglas Leigh was moderator.

On the Implications of the Bull Market

Question to Mr. Loeb: The rise in the stock market of almost 25% since last November, is widely regarded as surprising because of its occurrence during a business recession. ("Life" magazine's feature article on the stock market calls this "baffling" and "paradoxical," adding "there has never been a market like this one.") *Actually,* however, there is nothing new in this divergence between market action on the one hand, and economic factors on the other; the assumed correlation between the two being completely contradicted by the performance record as well as logic. Specifically, the tremendous stock market boom of the late Nineteen twenties, and the 1935-36 rise of 50%, had no foundation in either the state of business or the commodity markets. Conversely, from 1939-1942 the major *rise* in production and national income was accompanied by a major *decline* in stocks. And after World War II, the stock averages fell by 22% in 1946 and remained down until 1949, in the face of the fact that it was an interval featured by booming business and a 40% rise in commodity prices.


A. Wilfred May

So much for the *record.* On *logical* grounds too, is assumed correlation between short-term stock market fluctuations and the economic situation completely unjustified. For this manifests a complete misunderstanding of the basic function of the stock exchange, which is to provide an opportunity for acquiring instruments of long-term investment value; not a forum for placing bets on business fluctuations.

Now, my question is whether you believe this present sensational bull market does imply any important short-term business developments, and if so, what?

And incidentally, could the next business *recovery,* equally paradoxical, possibly be accompanied by a major market *decline?*

Mr. Loeb's Reply: I don't believe the present bull market is as sensational as it is labelled. Furthermore, simply because investors in the process of investing their money or realizing on the value of their securities incidentally cause a change in prices that might be prophetic, does not mean that the market is a betting ring. The change in price and trend is a necessary incident to the basic function of a capital market. It would seem logical to expect that at or around the peak of the present business recovery, stocks may start declining again, reflecting a need for funds or an expectation that business and profits have seen their best for the time being. There is nothing paradoxical in this, as you have pointed out yourself in detailing some of the record.

* * *

On Inflation Realities

Question to Mr. Loeb: Is it certain that the factor of "inflation" which is cited as a main bulwark of the present bull market, is going to be a **constant** support of the market?

In the **first** place, inflation in this country has been a *two*-way, not a *one*-way street. Over the long past we've only had extreme price rises during times of war. It is not realized that the cost of living fell from its 1921 figure, and didn't get back up to that level for 25 years until 1946—after another war period. Again, raw material prices have not risen since 1949.

In the **second** place, is there not uncertainty about the direct effect of inflation on the action of the stock market, since the record shows that common stocks often fall short as an inflation hedge? Moreover, can't the authorities take specific anti-inflationary action, which is not politically unpopular, against the stock market, as via 100% margins, or perhaps even special taxation?

In short, Mr. Loeb, just how do you rate the importance to the market of the inflation factor?

Mr. Loeb's Reply: I rate the inflation factor as being of the very utmost importance marketwise and businesswise. People who want to store purchasing power for the future have only two choices—fixed dollar obligations, cash and the like, or equities, or things as it were. I would say the outlook for cash or equivalent continues quite dim. Certainly stocks are in no sense a perfect hedge but much the lesser of the two evils. Inflation tends to put a premium on them. Inflation tends to spur business as people naturally want to buy early if they think prices are going up and don't want to retain cash if they think its purchasing power is going down. Inflation at first might pinch profit margins because costs go up more rapidly than selling prices but later profit margins tend to normalize as people get accustomed to new and higher price levels. Also, higher volume tends to reduce operating costs. On the other hand, the government traditionally throws roadblocks in the way of corporations through price controls, taxation, etc.

In the final analysis, Mr. May, properly selected and properly handled equities tend to lessen the loss that inflation in the long run causes to everybody.

* * *

The Fund Boom?

Question to Mr. Robinson: I'm a great believer in the long-term benefit from the investment company, or mutual fund, but I want to ask you whether you think that the present boom conditions in the mutual funds industry perhaps constitute a source of worry?

I refer to two major aspects of the present situation in the fund's activities: (1) In the *sales* area:—through selling the old as well as the flood of new funds—sometimes via Fuller Brush salesmen techniques, with a spawning number of shoe-string payment plans—possibly to people who shouldn't be buying them; with the purchasers attracted by the exciting bull market—and who are in any event over-conscious of capital gains rather than income yield. (2) From the *market's* aspect, don't the fund operations constitute an *important* inflationary impact? Chiefly, it seems to me, there is a kind of pyramiding operation in the Blue Chip area. The fund portfolio managers to a great extent invest the money which constantly pours into them from their public subscribers in the Blue Chip name stocks, partly because of the "window-dressing" motive; which distorts these issues beyond *value* considerations. Again, the public buys the Blue Chips because it sees they are owned by the expert funds.

Also, is there likely to be future disillusionment by present fund buyers, in the areas (1) of their capital value results, partly in view of the unavoidably misunderstood "load" or sales commission, and particularly if and when we run into a bear market; and (2) in the area of income yield, which is reduced by management expenses, which incidentally are rising in some cases?

Mr. Robinson's Reply: You ask whether I think the present boom conditions in the mutual fund industry constitute a source of worry—first in the sales area, and second from the market aspect. Before answering directly, I should like to put the "promised boom conditions," as you term them, into perspective. Actually, the sale of established open-end investment company shares in the first eight months of 1958 (by member companies of the National Association of Investment Companies which comprises most of the industry) was $991 million compared with $959 million in the corresponding period of 1957. (These figures do not include the initial sales of new funds' shares until they become open-ended and join the N. A. I. C.) It is submitted that an increase in sales of $32 million, or about 3%, is not a boom. So far as established funds go, I do not think there is any worry warranted in either the sales area or the market aspect.

As regards the sale of new funds, there have been two outstanding instances, namely One William Street and Lazard. These two funds obtained together about $300 million of new money through large underwriting syndicates. In distributions of this type there may well be some instances of selling to persons who, as you suggest, should not buy these shares, but on the whole I should think that for the most part sales would be made on a proper basis.

As to the market aspect, that depends on how the money obtained by the new funds is handled. The managers of the two large new funds mentioned above are experienced and able, and would certainly handle the investment of the money more carefully and judiciously relative to the market than if this money had been used directly in the market by the former holders.

In this respect it may be well to remember that the total assets of open-end member companies of the National Association of Investment Companies are approximately $11 billion, and their ownership of stocks listed on the New York Stock Exchange is estimated at only 3.4%. Their estimated holdings of the so-called "Famous Fifty" stocks is only 3.7%. There is therefore a much smaller fund ownership of listed stocks and "Blue Chip" stocks than is generally thought.

Central Bank in Doubt as to Strength Of Business Recovery

Federal Reserve Bank of New York adds up the evidence about our current recovery. Finds the upswing is underway but is unable to guage the strength of the movement.

There no longer appears to be substantial doubt that a recovery is underway, according to an article recently released in the September "Monthly Review" of the Federal Reserve Bank of New York. "But the vigor and sustainability of the upswing remain uncertain," the bank reported.

Business activity has continued to improve across a broad front according to the bank, although the level of unemployment has remained substantially unchanged. Meanwhile, some close observers conclude that upward pressure on both wholesale and consumer prices has at least temporarily subsided. The consumer price index edged upward by 0.2 percentage points in July, but food prices are expected to recede and exercise a downward pressure on the over-all consumer price index in coming months.

Cause of Upturn

The turnaround in business activity last spring evidently was triggered by a change in the rate of inventory accumulation and liquidation. "Because of the central role played by businessmen's inventory policies, the precipitous rate at which stocks have been liquidated may even lend strength to the recovery—cessation of inventory liquidation and rebuilding of stocks by manufacturers could contribute substantially to increasing the speed of the upswing," the article noted. But the Reserve Bank cautioned that in order to sustain the revival of business activity there will have to be a rising trend of final demand.

The Reserve Bank considers the volume of consumer spending in the coming months "of crucial importance." Whether consumer buying is to show substantial new gains during the coming months may depend largely on the public's reception of the 1959 auto models, and on the extent to which consumers will be willing to take on additional debt to purchase cars and other major consumer goods.

In another article in the August "Monthly Review," the New York Reserve Bank analyzed the effects of the United States recession on foreign reserves. Unlike earlier recessions, the 1957-58 downturn did not result in heavy drains upon foreign gold and dollar reserves, but actually saw them improve. The Reserve Bank welcomed these gains since "they have gone far toward allaying fears of an impending crisis of international liquidity."

In a third article, the "Review" discussed the strategic role played in the postwar capital markets by life insurance companies. The article noted that the life companies had mobilized nearly one-half of the savings channeled through savings institutions between 1945 and 1957. In those years the insurance companies supplied $70 billion of long-term funds to home buyers, private businesses, and State and local governments.

S. P. Johnson Named V.-P. of Parker, Ford

DALLAS, Texas—Parker, Ford & Co., Inc., Fidelity Union Life Building, has announced the election of Samuel P. Johnson as a Vice-President.

Samuel P. Johnson

Mr. Johnson will be in charge of underwritings and private placements for the firm as well as handle corporate and municipal securities. He has been active in Dallas investment banking circles for over 20 years, recently with Muir Investment Co. He is a past Treasurer of the Dallas Security Dealers Association.

With D. H. Blair & Co.

Clarence J. Whitesell has become associated with H. D. Blair & Company, 42 Broadway, New York 4, N. Y.

The State of Trade and Industry

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

A seasonal drop in food prices is expected to bring about another decline in the cost of living index for September, following its first cut in two years, during the month of August.

Commissioner Ewan Clague of the Bureau of Labor Statistics stated that the August dip in the index resulted from a seasonal decline in food prices, and he predicted the index would drop again in the current month and then level off. He further noted that it is considered normal for the index to drop in August, although this did not occur in August 1957.

Mr. Clague looked for a leveling off after September, but insisted the measuring device currently is tending to stabilize. He conceded there was no downward trend developing but said he thought increases would be offset by decreases in the coming months to keep the index at a relatively stable level.

The employment situation in the week ended Sept. 6, showed improvement with the number of workers drawing unemployment compensation down to the lowest level of the year at 2,040,000.

The United States Department of Labor said the rate was 4.8% of those eligible for such payments, compared with 5% for the previous week and 2.7% a year earlier. The number drawing jobless pay checks declined 45,700 from the week-earlier total.

Initial claims for unemployment compensation during the week ended Sept. 13 also fell, dropping 3,700 to 259,200.

Following the trend in recent weeks, the decline in initial claims adhered to the normal seasonal pattern for this time of the year, the department reported. The decline reduced the volume of new claims to the lowest level reported since late October 1957, it stated.

The total of new claims in the week ended Sept. 13 was about the same as the total in the corresponding week last year, the first time in almost a year that there has been no real gap between the figures for this year and last. The near equality resulted because the year-ago figures show the first effects of the recession, the agency declared. Those effects pushed new claims up by 35,000 to 255,000. This year, the improved economic outlook caused new claims to drop 3,700 to 259,000.

The decline this year was most pronounced for Michigan and Missouri. The Michigan total of initial claims dropped by 2,500 and Missouri showed a decline of 1,500, both due to stepped-up activity in the auto industry.

Claims for additional unemployment compensation by workers exhausting their regular benefit rights edged down by 2,500 to 655,100 during the week ended Sept. 6, the first decrease since the beginning of the supplementary jobless pay program in late-June.

Turning to the steel industry, steel men look for a fairly strong market in the last three months of the year, "The Iron Age" reported yesterday in its weekly review of the steel trade.

It declares that industry optimism is based on the continued pickup in demand from industries other than automotive. These include appliances, construction and farm implements. Any improvement in automotive demand will be considered a bonus.

Steel sources state the auto industry is still playing its inventories close to the vest. The auto people figure they can afford to wait until the public starts buying cars again in heavier volume. They expect the mills to take care of them should the steel market tighten.

The metalworking magazine predicts that the "big push" in steel demand probably will come late in the first quarter of 1959. At that time steel users will begin to worry in earnest over the possibility of a steel strike.

In an analysis of happenings at last week's steel union convention, "The Iron Age" said that new contract negotiations next spring will be the toughest in years. On the one hand, steel labor will fight hard to improve steel wage and fringe benefits. At the same time, steel management will be trying to minimize contract improvements to avoid the need for a price hike. The head-on clash will result in some hard bargaining and there could be a strike.

Mills on the fringe of the major steel consuming areas are beginning to feel the effect of the pickup in demand. Steel buyers are reaching farther afield in search of quick deliveries as the order books of mills closer to home tighten. It is a question of paying a little more for freight or building up inventories.

This trade weekly noted that some steel firms this week are running 10 to 15% ahead on orders as compared with a month ago. Others are doing even better. A continued improvement is expected through October and November, with a purely seasonal leveling off in December. The ingot rate may hit 75% or more before the upswing slackens.

The metalworking weekly reports that housing starts this year are expected to reach 1,100,000 units, and the final total could be 70,000 units higher. In terms of steel demand, it pointed out, the average house requires nearly two tons of steel in its construction. When the steel used in washers, dryers, ranges, refrigerators and other appliances is included, that figure is more than doubled.

In the automotive industry United States passenger car production last week was programmed for a 63% increase as the buildup of new models continued, "Ward's Automotive Reports" stated on Friday last.

The publication estimated output at 39,224 cars compared to 24,072 last week and 52,365 in the corresponding week last year.

Turning out their first 1959 models last week, noted "Ward's," were Chevrolet and Ford divisions. Still to assemble a 1959 version

Continued on page 42

The Investment Picture Now

By GEORGE C. ASTARITA

Boettcher & Co., Colorado Springs, Colo.

Colorado market specialist provides a terse resume of his premises and conclusions regarding the market and the economy at this time. Mr. Astarita explains why he believes stocks will tend to sell higher than the historical pattern relating to earnings and dividends, and imparts investment advice.

Diversity of opinion concerning both the economy and the stock market for the intermediate future has reached an extreme point. To clarify the incongruity and to seek a happy median of opinion the following views are expressed.

Premises

(1) Business recovery will continue at a moderate pace until such time as inventories again become top-heavy or the explosion of the "Soaring Sixties" takes place.

George C. Astarita

This statement is subject to modification as the result of war scares, an actual war or strikes in such an important industry as automotives. The recovery will prove moderate for some time to come for the reason that capital expenditures will not increase substantially, at least until sometime in 1959. Government expenditures will increase but there exists the possibility that the Administration will taper off nonmilitary expenditures after the election in order to combat inflationary trends. Private debt is too large to permit a further immediate large expansion and, therefore, the impetus from this source which contributed to good business in 1955-57 will not again be present.

(2) There will be a gradual but not a rampant inflation.

No large deferred replacement demand exists in either the consumer or industrial segments of the economy. Productive capacity is large and competitive forces are severe. For these reasons industry will combat wage increases. The Federal Reserve Board will use a restrictive credit policy. Concomitantly, the Federal Reserve will attempt to balance this restrictive policy with a stabilization of the bond market in order to facilitate government financing.

(3) Profit margins will remain below the norm but will improve gradually as the result of recession economies and greater productivity.

(4) The stock market is historically high in relation to earnings and dividends and in relation to bond yields.

(5) There exists an unprecedented amount of funds for investment.

(6) The cost of living will remain high and will work gradually higher. Taxes as imposed by Federal, State and Municipal governments will go still higher.

Conclusions

(1) Because the cost of doing business will gradually increase, companies manufacturing labor saving devices should enjoy a good demand for their products and stocks of these companies should be bought on weakness.

(2) Because the disposal income will be pinched by rising costs and higher taxes, the investor should place emphasis upon those industries producing the necessities of life and low cost luxury items. Industries such as automotive may continue to be hurt because they produce high priced items.

(3) Because industries producing natural resources will benefit from a gradual increase in prices, those which may soon enjoy a favorable supply-demand relationship should be favored.

(4) Because expanding government expenditures for defense will benefit scientific companies, those which are available at realistic prices should be bought.

(5) Because the market is historically high and because inflation psychology has recently pervaded the atmosphere of the financial community, all buying should be done on weakness. If weakness should fail to develop, it will be due solely to a continuation of inflation psychology in which event bonds, preferred stocks and public utility common stocks will go still lower and their yields still higher. Cash on hand, therefore, need have no concern.

(6) Because of the press of investment funds, stocks will tend to sell higher than the historical pattern relating to earnings and dividends.

Form Jefferson Assoc.

Jefferson Associates, Inc. has been formed with offices at 50 Broadway, New York City, to engage in a securities business.

Remarkable Records For the Economy

By DR. ARTHUR R. UPGREN*

Frederic R. Bigelow Professor of Economics Macalester College, St. Paul, Minn.

Former Dartmouth College business dean and research director finds 1957-58 decline the shortest post World War II recession and predicts the recovery will be very large. Whether it will be large enough to end the larger amount of unemployment will depend, he points out, upon business reversal of the continued decline of new plant and equipment investment as opposed to the soon-necessitous increased inventory spending. In pin-pointing factors principally responsible for the upturn, Dr. Upgren credits business for its policy of maintaining expenses $12.5 billion over receipts, automatic stabilizers for keeping personal income and expenditures up, and series of Federal Government steps which should become dominant in the fourth quarter.

The Depth and Brevity of the 1957-58 Recession

The remarkable fact about the recession of 1957-58 was that it was the shortest economic recession of the three we have had since the end of the Second World War and that it was the most severe by a slight margin. The recession of 1948 - 1949 lasted 12 months and total output fell 3½%. The recession of 1953-1954 ran nine months to its low and the total decline was 2½%. The recession of 1957-58 reached its low point in only six months though the output decline was this time 4½%.

Arthur R. Upgren

In July of 1958 total personal income passed the previous all-time high of $352.1 billion recorded in August of last year at the peak of the 1956-57 boom. In July of this year personal income was $358.9 billion and a higher figure no doubt has been recorded in August.

The remarkable fact in the recent recession was the minimal decline of $2.1 billion in total consumption. This decline was only eight-tenths of one per cent and compares with a maximum decline in the total for our Gross National Production (GNP) of $19.8 billion. What explains the remarkable pair of facts that GNP declined by $19.8 billion while total consmption declined by only $2.1 billion?

The Remarkable Facts of the Automatic Economic Stabilizers

The forces which intervened to cut the $19.8 billion decline in GNP down to a mere $2.1 billion decline in total consumption originated in business, in our tax system, in government and in family decisions. The greatest force of all for maintaining personal income was business though little credit is given to business for this. What business did was to hold its total expenses $12.5 billion above its total sales or receipts. The result was a loss or decline in corporate profits (before taxes) of $12.5 billion. Holding expenses up higher than sales or receipts is just a rather clumsy way of saying that business held up wage payment totals better than its own revenues held up. Thus the workers' incomes were better maintained and we see this in the summer as wage increases are continuing.

Here then, by business, we see no less than $12.5 billion of the recession decline offset. Of this "offset" the government absorbed $6 billion as the result of the reduction in corporate income taxation by this amount as corporate income fell. The remaining $6.5 billion was taken up, so to speak, by the final decline in corporate income after taxes.

The next "automatic stabilizer" for personal incomes and which helped maintain total consumption in an "even ride" the business cycle hit a sharp "downward bump" was what are called "Government transfer payments." More simply these are primarily "unemployment compensation payments." They directly sustain incomes and thus consumption. They amounted to $3 billion more right at the bottom of the recession. This, along with the support by business, had now smoothed the GNP decline of $19.8 billion into a net decline of only $4.3 billion in personal income.

But the automatic stabilizers' story is not ended yet. As personal income declined, personal taxes fell accordingly. Here the decline was $0.8 billion. This decline in personal taxes was accompanied by a reduction in personal saving of $1.4 billion. Thus the tax reduction and the savings reduction add up to $2.2 billion of increased spending power out of personal incomes. Subtracting this amount from the decline of $4.3 billion in personal income yields the small decline of $2.1 billion in consumption.

Thus we see up to this point in our analysis that the automatic economic stabilizers cut a production decline of almost $20 billion back to barely a $2 billion decline in the annual rate of consumption right at the bottom of the recession. This is remarkable. It is not theoretical. This is precisely the manner in which the two previous postwar recessions were "tamed" into the modest-sized recessions of short duration which we have described. In the recession of 1949 an even superior job of economic stabilization of income was achieved. Where total economic activity measured by the decline in the national income fell $16 billion, total consumption actually rose by no less than $4 billion.

In 1954 the decline, again measured in terms of the national income, was $10 billion, but again the stabilizers were effective enough to convert this decline into a $1 billion rise in total consumption.

In the 1949 and 1954 recessions total savings were reduced substantially more than in the 1958 recession. In the present recession savings have been maintained at very high levels. With the excellent maintainance of personal income, now back to an all-time high level, we would be able to say, were it not for the increased numbers of unemployed, that "this is the most prosperous recession we have yet had."

The maintenance of consumption is the crucial factor to economic recovery much more substantial than we enjoyed in the second quarter of 1958. This we shall see, and also see a new powerful force released for further economic recovery in the final two quarters of 1958.

The "Spring Back" or Recovery From Inventory Liquidation

Because personal income's and thus total consumption has been so very well maintained in the most severe quarter of the recent recession, we shall have a further quasi-automatic force for still more powerful recovery.

At least 60% of the downward pressure towards recession in this period came from the reduced rate of business investment in inventories. This rate of investment was reduced by almost $12 billion (accounting for that much of the $19.8 billion decline in GNP). This was the result of an investment of almost $2½ billion being converted into inventory liquidation at the rate of $9½ billion in the first quarter of 1958.

As inventory liquidation was pursued as a business policy (along with a $5 billion decline in the rate of investment by business in new plant and equipment accounting for another 25% of the total recession decline), production by business fell. This tended to reduce activity and thus reduce incomes and thereby reduce consumption. However, this chain of downward activity causes was cut by the upward thrust in incomes already reviewed in this article.

As production fell, we were currently consuming more goods than we were producing. The gap was made good by the inventories which were being liquidated. But this gap can be made good only as long as there are goods in inventory further to be liquidated. Now as we have seen total consumption is rising. That will "leverage upwards" production in the near future and it has done so mildly in the second quarter of 1958.

We have already seen that personal income and consumption are reaching new high levels. Thus the policy of inventory liquidation is no longer valid. In the near-term future production will have to rise to match the current rates of consumption. This is currently happening in the steel industry where the low level of operations, at 47.1% of capacity, was recorded in the week of April 15 last. The rate has recovered to 63.6% of capacity (week of Aug. 25).

The recovery in activity and production in turn will further enlarge incomes permitting further advances in the rate of consumption. The recovery, from the first quarter of 1958, will be no less than $9½ billion in production merely to end inventory liquidation. In consumption rises by $5 billion in the third quarter, that much more will have to be produced. Here we see the strong forces which will drive business forward in the final quarter of the year.

The upward thrust might be of the order of $20 billion by the fourth quarter of 1958 over the low level established in the first quarter of the year. This would bring total activity measured by GNP back to $445 billion. This is the high level of 1957. This level should be recovered in the final months of this year.

Are there further economic forces still to operate? We have seen how the "automatic economic stabilizers" stopped the decline in consumption to a halt. The maintenance of consumption is the one requirement which must be satisfied to bring production buoyantly back up after inventory liquidation drives have spent themselves. Are there other forces which will produce still greater advances in activity in 1959? The answer is strongly in the affirmative.

Federal Government Policies to Promote Recovery

With the advent of the recession the Federal Government undertook a series of steps to counter the recession. The entire program is substantial in its import but has been greatly delayed in its becoming effective. In fact, for clarity it is reasonably accurate to hold the view that the automatic economic stabilizers operated by themselves in resisting the recession. This view could be held as being applicable from the beginning of the recession in the fourth quarter of 1957 through the second quarter of 1958. By themselves these stabilizers fully offset the forces of recession by mid-1958. From this point onward, that is from the present, the enlarged production which must necessarily follow the end of inventory liquidation will be the dominant force for recovery through the third and fourth quarters of 1958.

Beginning probably in the fourth quarter policies promoting expansion, policies adopted by the Federal Government will probably become dominant. These policies include the following:

(1) The adoption of the first housing bill. This appropriated $1.9 billion to encourage the easy financing of new housing starts. Such starts have advanced from the annual rate of 915,000 in February of this year to 1,160,000 starts in July. The expenditure advance has been slow but will increase as the houses come into the more costly phase of their construction.

(2) The adoption of a highway bill appropriating $1.6 billion in addition to moneys available as the result of tax receipts which were levied starting July 1, 1956 to build the new national highway system. The Caterpillar Tractor Company, after slow production and unavoidable unemployment for some of its workers last winter (as was then widely publicized), has had in June and July the largest sales for these two months in its history (less widely publicized). The highway program is no doubt important here.

(3) The planned increase of $2.4 billion in defense expenditures by the Federal Government. Though these increased outlays were announced shortly after Sputniks I and II, Federal defense outlays continued to decline through the first quarter of this year. The decline has been in excess of $1¼ billion. Here substantial increases may be expected.

(4) Reductions in taxes amounting to $0.5 billion have been made in two bills affecting excise and transportation tax levies.

Altogether the foregoing policies for economic advance add up to an upward-thrusting force of $6.4 billion—a net inconsiderable sum.

The automatic stabilizers brought income and consumption to new high levels in July of this year. Substituting production for inventory liquidation can advance personal incomes by $8 billion before the year has ended. Consumption can be advanced more or less than this according to whether consumer incomes are multiplied in their increase by economic expansion or whether consumers wish to increase their savings above the very high level at which they have been maintained throughout the recession.

The total effect of Federal Government policies already adopted can further enlarge incomes and consumption by an addition $6½ billion. This would no doubt necessitate that inventory investment be increased — quite the opposite of the recent marked inventory liquidation. Certainly the economic recovery will be very large. Will it give us a thoroughly full period of sustained economic expansion which will end the larger amount of unemployment we have had since 1957?

The answer to this fundamental question will depend upon the likelihood that businessmen will reverse the continued declining trend of business investment in new plant and equipment (as opposed to the soon-necessitous increased investment in inventories).

If the gains in production press on the capacity of present plant, this investment will begin to enlarge: It is very likely to enlarge for another reason. That reason is the widespread ability and present knowledge of how business may increase its efficiency. That was done in the second quarter of this year. The results are good indeed, and will probably be persuasive in inducing businessmen to begin anew increased plant investment. The United States Steel Corporation had the satisfactory record of having its earnings decline in the first half of 1958 (compared to the first half of 1957) by less than the 40% decline in its output for the same period. This is indeed remarkable.

Summary and Conclusions

Automatic economic stabilizers effectively arrested the decline in the 1957-58 recession as they had equally effectively done in the 1948-49 and 1953-54 recessions.

Renewed production to make good for consumption what has up to this time in the recession been supplied by inventory liquidation is taking place at the present time. The increased output total from this cause will be substantial.

The Federal Government has adopted and there is "in being" a program which will produce yet another upward thrust for the economy.

Business increased investment in new plant and equipment is as yet hesitant. This will probably change to give us a full recovery in the second half of 1958. Certainly the record of the American economy in this recession has been excellent.

*From a talk by Dr. Upgren before the Washington Savings & Loan League's 50th Annual Convention, Bellingham, Wash., Sept. 14, 1958.

New Officers for Carothers & Company

DALLAS, Tex. — Carothers & Company, Mercantile Bank Building, announce the appointment of Edmond L. Brown as President, and Orville G. Allen as Vice-President.

Wichman Appointed by Municipal Securities

DALLAS, Tex. — Herman L. Wichman has been appointed by Municipal Securities Company, First National Bank Building, as Manager of the Industrial Finance Division, specializing in private placements, sale lease-back transactions, oil and gas financing, and special situations.

Parker, Ford Wire To Blair & Co.

A direct wire has been installed from the main office of Parker, Ford and Company, Inc., Dallas, Texas, underwriters and distributors of corporate securities and mutual fund shares, to the principal office of Blair & Co. Inc., 20 Broad Street, New York, it was announced Sept. 24. Parker, Ford and Co. maintains branch offices in Brownsville and Fort Worth, Texas.

Bache Branch Opened

OKLAHOMA CITY, Okla. — Bache & Co. has opened a branch office in the First National Building under the direction of Henry Gray.

New Goodbody Branch

ANDERSON, S. C. — Goodbody & Co. has opened a branch office at 615 North Main Street under the management of Glen S. Martin.

Interest Exempt from present Federal Income Taxes

New Issue

September 25, 1958

$61,000,000

Commonwealth of Massachusetts

3½% Highway Improvement Loan and Capital Outlay Loan Bonds

Dated July 1, 1958 **Due July 1, 1959-78, incl.**

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

Interest Exempt from Massachusetts Income Taxes

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

These Bonds, in the opinion of the Attorney General of the Commonwealth of Massachusetts, will constitute general obligations of the Commonwealth for the payment of which its ***full faith and credit*** will be pledged, including the authority to levy ***unlimited ad valorem taxes*** upon all of the taxable property within the Commonwealth. The offering comprises $43,000,000 Highway Improvement Loan Bonds and $18,000,000 Capital Outlay Loan Bonds.

AMOUNT DUE EACH YEAR AND YIELDS OR PRICES

$3,076,000	1959	2.00%	$3,076,000	1965	2.85%	$3,076,000	1970	3.30%
3,076,000	1960	2.20	3,076,000	1966	2.95	3,076,000	1971	3.35
3,076,000	1961	2.40	3,076,000	1967	3.05	3,076,000	1972	3.40
3,076,000	1962	2.55	3,076,000	1968	3.15	3,076,000	1973-74	3.45
3,076,000	1963	2.65	3,076,000	1969	3.25	3,078,000	1975-77	@100
3,076,000	1964	2.75				2,550,000	1978	@100

(Accrued interest to be added)

The above Bonds are offered when, as and if issued and received by us, and subject to prior sale and approval of legality by the Attorney General of the Commonwealth of Massachusetts.

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

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

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

Merrill Lynch, Pierce, Fenner & Smith · White, Weld & Co. · The Philadelphia National Bank · R. W. Pressprich & Co. · L. F. Rothschild & Co. · Blair & Co. Incorporated · The First National Bank of Boston · Mercantile Trust Company

Seattle-First National Bank · Ladenburg, Thalmann & Co. · Bear, Stearns & Co. · Carl M. Loeb, Rhoades & Co. · F. S. Moseley & Co. · Shields & Company · Stone & Webster Securities Corporation

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

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

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

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

J. A. Hogle & Co. · Bartow Leeds & Co. · King, Quirk & Co. Incorporated · Rand & Co. · Townsend, Dabney and Tyson · Spencer Trask & Co. · Fidelity Union Trust Company Newark · National State Bank Newark · Chas. E. Weigold & Co. Incorporated

Robert Winthrop & Co. · Bacon, Whipple & Co. · Robert W. Baird & Co., Incorporated · American Securities Corporation · Baker, Watts & Co. · Blunt Ellis & Simmons · California Bank Los Angeles · Courts & Co. · Tripp & Co., Inc. · First Southwest Company

McCormick & Co. · A. M. Kidder & Co., Inc. · Wm. E. Pollock & Co., Inc. · Rockland-Atlas National Bank of Boston · R. D. White & Company · Wood, Gundy & Co., Inc. · Third National Bank in Nashville · Wachovia Bank and Trust Company

Dealer-Broker Investment Recommendations & Literature

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

Atomic Letter No. 41—Report on possible role of lithium in a thermo-nuclear fusion device, etc.—Atomic Development Mutual Fund Inc., 1033 30th Street, N. W., Washington 7, D. C.

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

Cement Industry—Analysis with particular reference to **Marquette Cement, Penn Dixie** and **General Portland Cement**—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Chemical & Pharmaceutical Briefs—Comparative figures—Smith, Barney & Co., 20 Broad Street, New York 5, N. Y.

Coming Treasury Financing—Discussion—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Conversion Loan of 1958—Study—E. M. Saunders Limited, 55 Yonge Street, Toronto, Canada.

Life Insurance Industry—Revised analysis of 60 companies—Ralph B. Leonard & Company, Inc., 25 Broad Street, New York 4, N. Y.

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

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

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

Products and Processes—Booklet on products of the company—Booklet "G"—Union Carbide Corporation, 30 East 42nd Street, New York 17, N. Y.

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

Puerto Rico—Financial facts—Government Development Bank for Puerto Rico, San Juan, P. R.

R. H. M. Bond Review—Advisory service on convertible bonds with complete charted record of the entire bond market—Annual subscription, consisting of six bi-monthly issues plus flash reports—$100; one issue, constituting a complete chart book, $20—R. H. M. Associates, Department CF-1, 220 Fifth Avenue, New York 1, N. Y.

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

Treasure Chest in the Growing West—Booklet explaining industrial opportunities in the area served—Utah Power & Light Co., Dept. K, Box 899, Salt Lake City 10, Utah.

Your Guide to Business in Canada—Survey of major Canadian taxes affecting business or personal interests in Canada, including Federal and Provincial taxes and special tax situations with regard to Canadian branches and subsidiaries, investment companies and oil, natural gas and minerals—copies on request on business letterhead—Bank of Montreal, Business Development Department, Montreal, Que., Canada (New York office, 64 Wall Street).

* * *

American Box Board—Review—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular are reviews of **American Machine & Metals, Mack Trucks** and **Masonite.**

American Heritage Life Insurance Co.—Memorandum—Weil & Co., 734 Fifteenth Street, N. W., Washington 5, D. C.

Anderson Electric Corp.—Memorandum—Cruttenden, Podesta & Co., 209 South La Salle Street, Chicago 4, Ill.

Atchison, Topeka & Santa Fe Railway Co.—Memorandum—Woodcock, Hess, Moyer & Co., 123 South Broad Street, Philadelphia 9, Pa.

Beckman Instruments, Inc.—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif. Also available is a bulletin on **Bank Stocks, International Oils, Cement Stocks** and **Whirlpool Corp.**

Clinton Engine Company—Analysis—George, O'Neill & Co., Inc., 30 Broad Street, New York 4, N. Y.

Coastal States Gas Producing Co.—Memorandum—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y.

Cone Mills—Memorandum—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Continental Casualty Company—Analysis—William Blair & Company, 135 South La Salle Street, Chicago 3, Ill.

Federal Grain Limited—Review—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada. Also in the same bulletin are a list of Canadian investment suggestions.

Financial Statistics of New Jersey Local Government—Municipalities—School Districts—Counties—1958 Edition—New Jersey Taxpayers Association, 143 East State Street, Trenton 8, N. J.

General American Transportation Corp.—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a bulletin on **Retail Trade**, the current issue of "Investment Review," with a list of investment suggestions, and a memorandum on **Colgate Palmolive Co.**

International Telephone & Telegraphic Corporation—Analysis—J. R. Williston & Beane, 115 Broadway, New York 6, N. Y.

International Telephone & Telegraph Corporation—Analysis—Baker, Weeks & Co., 1 Wall Street, New York 5, N. Y.

Miehle-Goss-Dexter, Inc.—Analysis—Blair & Co. Incorporated, 105 South La Salle Street, Chicago 3, Ill.

National Gypsum Company—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

New York Capital Fund of Canada Ltd.—Report—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

Nippon Gas Chemical Industries—Analysis in current issue of "Monthly Stock Digest"—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also in the same Digest is an analysis of the current Japanese economic situation.

Nopco Chemical Company—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Olin Mathieson—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y.

Pacific Uranium—Report—Singer, Bean & Mackie, Inc., 40 Exchange Place, New York 5, N. Y. Also available is a report on **Seismograph.**

Chas. Pfizer & Co. Inc.—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Provident Life and Accident Insurance Company—Analysis—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y.

Ryder System—Report—A. G. Edwards & Sons, 409 North Eighth Street, St. Louis 1, Mo.

St. Regis Paper Company—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is a report on **Sylvania Electric.**

Standard Packaging Corp.—Data—Purcell & Co., 50 Broadway, New York 4, N. Y. Also in the same circular are data on **Philip Carey Manufacturing.**

Studebaker-Packard vs. Botany Mills—Comparison—Lerner & Co., 10 Post Office Square, Boston 9, Mass.

Tejon Ranch Company—Study—Mitchum, Jones & Templeton, 650 South Spring Street, Los Angeles 14, Calif.

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

Weco Products Company—Analysis—Strauss, Ginberg & Co., Inc., 115 Broadway, New York 6, N. Y.

COMING EVENTS

In Investment Field

Sept. 26, 1958 (Cleveland, Ohio)
Bond Club of Cleveland fall outing at the Cleveland Country Club.

Sept. 26, 1958 (Pittsburgh, Pa.)
Bond Club of Pittsburgh annual Fall Outing at the Allegheny Country Club, Sewickley, Pa.

Sept. 26, 1958 (Rockford, Ill.)
Rockford Securities Dealers Association annual "Fling-Ding" at the Mauh-Nah-Tee-See Country Club.

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

Oct. 2, 1958 (Des Moines, Iowa)
Iowa Investment Bankers Association Field Day at the Des Moines Golf & Country Club.

Oct. 2-3, 1958 (Kansas City, Mo.)
Southwestern Group of the Investment Bankers Association annual outing at Oakwood Golf & Country Club; cocktails and lunch at Eddys Thursday and dinner that evening; golf, etc., Friday.

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

Oct. 9, 1958 (New York City)
Commodity Exchange Silver Anniversary Dinner at the Hotel Astor.

Oct. 25, 1958 (New York City)
Security Traders Association of New York annual cocktail party and dinner dance at the Hotel Pierre.

Nov. 7-8, 1958 (Chicago, Ill.)
National Association of Investment Clubs 8th annual convention at the Hotel Sherman.

Nov. 10, 1958 (New York City)
Security Traders Association of New York Annual Beefsteak Party at the Antlers Restaurant.

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

Dec 10, 1958 (New York City)
Investment Association of New York annual dinner at the Waldorf-Astoria.

Nov. 2-5, 1959 (Boca Raton, Fla.)
National Security Traders Association Annual Convention at the Boca Raton Club.

Two With E. F. Hutton

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert B. Baird and Frederick W. Lapham, Jr. have become connected with E. F. Hutton & Company, 623 South Spring Street.

Joins Columbine Secs

(Special to The Financial Chronicle)

DENVER, Colo.—Raymond E. Versaw is now affiliated with Columbine Securities Corp., 621 Seventeenth Street.

With Norman F. Dacey

(Special to The Financial Chronicle)

BRIDEPORT, Conn.—Frank A. Maffeo has become associated with Norman F. Dacey & Associates, 114 State Street.

Ellis, Holyoke Branch

BEATRICE, Neb.—Ellis, Holyoke & Company has opened a branch office here under the direction of George S. Kilpatrick.

Now Bert Teeters

ST. PETERSBURG, Fla.—The firm name of Field and Teeters Investment Company, 16725 Gulf Boulevard has been changed to Bert V. Teeters Investment Co.

Don Dolan Opens

BOWBELLS, N. Dak.—Don Dolan is engaging in a securities business from office here.

Joins David Means

(Special to The Financial Chronicle)

BANGOR, Me.—Maxwell Rapaport is now with David G. Means, 6 State Street.

With North Central Secs.

(Special to The Financial Chronicle)

OTTAWA, Ill.—John B. Woods is with North Central Securities, Inc., 118 West Madison Street.

Carbonated Profits

By DR. IRA U. COBLEIGH
Enterprise Economist

Indian Summer notes on certain soft drink companies, and the conversion of effervescent potables into profits, and carbonation into cash dividends.

Soft drinks are big business. Total sales of non-alcoholic beverages are now bubbling at over a billion a year, and per capita consumption has risen from 53 bottles in 1929, to 162 in 1949, 190 in 1956 and about 200 for 1957. In a restricted way, you might call carbonated beverages a growth industry, since consumption has increased in every year since 1933 (except during the sugar-short war years) and, since 1950, sales have exceeded one billion cases in each year.

Ira U. Cobleigh

Other features of the soft drink industry are unique. Whereas research and the introduction of new products are vital in many other lines, soft drink leaders are still turning out and selling virtually the same fluid products year after year. Rough distribution of the sales by flavors would be 58% colas, 13% citrics, 4% ginger ale, 3% sarsaparilla and root beer, 2% grape, and the balance, miscellaneous, including slimming sodas and no doubt that ever popular birch beer.

If research and product change are unimportant, advertising and sales promotion are not. The industry lays out over $100 million annually on advertising. While there still are hundreds of small local bottlers throughout the country, their numbers are dwindling, year by year, as competition and heavy advertising expense prompts them to merge into the majors. This definite trend toward fewer and larger units is evidenced by the trade figures: 8,220 bottling plants in the United States in 1929; 6,900 in 1949; and only about 5,000 in 1957. Competition is also evidenced by the offering of multiple sized bottles, the distribution in disposable cans, and the broadening of markets through vending machines in passenger terminals, office buildings, factories and theaters.

The overseas market also is big and increasingly important but only the biggest are able to operate there, with Coca Cola, long established in dozens of foreign countries; Pepsi Cola moving ahead rapidly especially in Europe; and Canada Dry expanding.

While growth in the soft drink industry could scarcely be compared to that in say, chemical, drug or electronic enterprises, it is clearly in evidence not only from the sales expansion cited above, but from the rapid increase in our teen-age population and the broadening acceptance and availability of soft drinks. (Alcoholic beverages are not usually to be sold to minors; while myriad older folks dilute their booze with such acceptable mixers as ginger ale; 7 Up; a cola; or just plain club soda. In either case the demand for soft drinks expands.)

Another factor attracting capital to the soft drinks trade is the rather consistently high profit ratio, running, for the better companies, somewhere around 20% before taxes. Further, because of very low unit prices charged, and the rather habitual nature of soft drink consumption, the industry is favored for its defensive, and recession resistant, qualities.

Having set a suitable statistical background for consideration of carbonation companies, it's time to look at a few representative securities.

Coca Cola Company

The outstanding leader and an authentic blue chip for decades is, of course, Coca Cola. It has paid uninterrupted dividends since 1893, and though losing some ground to competition in the past decade, still accounts for about 65% of the domestic market for cola drinks. 1954 was a poor year with per share earnings dipping to $6.08. Since then, and benefiting from more aggressive management, earnings advanced, reaching $7.07 in 1957—adequate coverage for the $5 dividend, particularly in view of the company's extremely strong cash position. 1958 earnings are expected to be a few cents lower, probably around $6.90 a share.

Coca Cola manufactures its unique syrup in 10 plants in the United States and 18 abroad; and operates a total of 80 bottling plants. The success of Coca Cola is a classic tribute to the power of advertising. "Coke" has become a household word in the U. S., and abroad Coca Cola is probably more widely known by more people than any other American product.

As an investment stock for dependable income, Coca Cola common (4,232,078 shares outstanding, sole capitalization) is a long respected equity. It also assays high in market stability, ranging between a low of 95 and a high of 145 in the past 5½ years. At 115 it yields 4.3%.

Pepsi Cola Company

Number two in the soft drink industry is Pepsi Cola Co. Turning out its concentrate in three main plants (Oakland, Cal., Louisville, Ky., and New York) it distributes same to and through some 500 independent bottlers, not including a number of bottling plants it operates on its own account. Through Pepsi Cola International (wholly owned) it serves the foreign markets operating seven concentrate plants and seven bottling plants; and it also has, in the U. S., the import franchise for Schweppes.

Since 1954 Pepsi Cola has done, through advertising and promotion, an outstanding job in building sales. From a $74.2 million total in 1954, sales have grown to $120.33 million for 1957, crossing the $100 mark for the first time in that year. Earnings last year were $1.61 per share, ample coverage for the present $1.20 dividend rate. At 24 the stock yields 5%, an attractive return considering the safety of the dividend and the prospects for continued financial forward motion. $8.8 million in debt precedes the 5,926,205 common shares.

Canada Dry Corporation

Unlike the first two companies we mentioned, Canada Dry Corp. offers a quite diverse line of beverages. Long renowned for its ginger ale, its other soft drinks include mixes, Spur, Hi-Spot and Glamour. Alone of the major soft drink companies, Canada Dry derives major earning power from alcohol toting beverages. It produces its own lines of gin, vodka, and bourbon through Canada Dry Distillers and is United States distributor for such alcoholic animators as Fine Arts, Old Ebony and Johnnie Walker.

Earlier results indicate that Canada Dry may carry its 1958 sales total to a new high, above the $86 million of last year, and per share net perhaps above the $1.73 per share recorded in 1957 (Fiscal year ends Sept. 30.) In any event, the $1 dividend looks secure and provides at 18 a 5½% yield. No upward romp in market price is indicated here, but a quite satisfactory yield is offered in a well managed and progressive company.

Nehi Corporation

Considerably smaller is Nehi Corporation, third largest among the cola companies, and dispenser of Royal Crown Cola, as well as flavored sodas sold under the Nehi brand name and another, Par-T-Pak. Sales have steadily risen from $11 million in 1954 to $17⅓ million for 1957. Higher advertising and promotion expenses have held earnings down a bit in the recent past. 1957 net amounted to $1.19 on the 1,033,618 common shares (sole capitalization). Indicated dividend rate is 80s and there was a 5% stock extra last year. Not a spectacular common, Nehi has paid dividends without a miss for the past 20 year. At 13½ Nehi yields about 6%. It trades within an exceedingly narrow range—between 10 and 16 for the past five years.

The Bottling Companies

Bottling companies tied in to franchises have done quite well and there are a couple of good sized ones you might want to look at. *Pepsi Cola General Bottlers Inc.* has the franchise in a substantial territory including Chicago, Des Moines, Kansas City and Louisville. It is rapidly expanding its sales, particularly through vending machines and by aggressive selling to shopping centers, drug, variety and department store chains. Current dividend is 60c, with 1958 earnings of around 90c. Gross may reach $20 million this year (up from $17.6 in 1957). Stock sells at 10¼ over the counter.

The biggest and most impressive of the independent bottlers has been *Coca Cola Bottling Co. (N. Y.)*. It has pushed its net earnings rapidly forward from 83c a share to $2.51 in 1957, and rewarded its shareholders with steady cash dividends, and a four for one split in 1955 Present rate is $1 (which could be increased) plus 2% in stock. An exclusive franchise in a prosperous and populous area, including New York City, Buffalo, and Poughkeepsie, N. Y.; Newark and Trenton, N. J.; Stamford and Bridgeport, Conn. augurs well for sustained growth. Stock sells at around 21 in the Over-the-Counter Market.

Traditionally, soft drink companies depend on the weather, and nothing is so good for them as a warm Spring and a long hot Summer. On this basis, 1958 has been no bargain, with a protracted cold Spring and a cool wet Summer. Still the companies we've briefly touched upon have given a satisfactory account of themselves in what is regarded as a recession years, and if next Summer is a sizzler, then new altitudes in sales and earning power are expectable.

J. R. Williston & Beane Adds Three To Staff

The Commodity Department of J. R. Williston & Beane, 115 Broadway, New York City, members of the New York Stock Exchange, has added three new staff members, it has been announced by Alph C. Beane, directing partner. They are Ralph C. Gordon, Houston Cox, and J. Edward Luongo, all veterans of the security and commodity business.

Mr. Gordon and Mr. Cox were formerly associated with Merrill Lynch, Pierce, Fenner & Beane, while Mr. Luongo was manager of the commodity division of Hornblower & Weeks.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

TOLEDO, Ohio — Richard N. Newell is with Merrill Lynch, Pierce, Fenner & Smith, 616 Madison Avenue.

Griscom Inv. Mgr. Of Stroud & Co.

PHILADELPHIA, Pa.—Clement A. Griscom has joined Stroud & Company, Inc., 123 South Broad Street, as manager of the company's Investment Department.

Clement A. Griscom

Mr. Griscom recently retired as Vice-President of the Provident Tradesmens Bank and Trust Company. He is well known in financial circles. For the past 15 years he has been a member of the arbitration panel of the New York Stock Exchange.

From 1924 to 1931 he was Sales Manager of E. B. Smith & Co. and from 1931 to 1940 a General Partner of Cassatt & Company.

In 1940 he went to Land Title Bank and Trust Company and was elected a Vice-President in 1942. When the Land Title Bank was consolidated with the Tradesmens National Bank and later merged with Provident Trust Company he continued as a Vice-President of the merged banks.

Mr. Griscom is a member of the Philadelphia Club, Racquet Club, Gulph Mills Golf Club and Rolling Rock Club.

He has served as treasurer and director of the Southeastern Heart Association.

With Dempsey Tegeler

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Frank P. Williams has become associated with Dempsey-Tegeler & Co., 1000 Locust Street, members of the New York and Midwest Stock Exchanges. He was previously with Yates, Heitner & Woods.

Our Responsibility Is to Excel

By FREDERICK R. KAPPEL*

President, American Telephone and Telegraph Company

President of A. T. & T. reviews common ground of understanding and mutual interdependence between labor and management, the room for disagreement, and relationship between business and government. Mr. Kappel makes clear how excessive rules, inadequate financial freedom, inflation, ruinous governmental policies limit business progress. Submits as a possible litmus test for any political plan or program the question: will it benefit the community or some people at the expense of others, is it good for the long run, and is it sincere?

There are nearly a million of us in the telephone industry in North America and we are bound to have many differences of opinion — as between different companies, across the bargaining table, and so on. But unless I am much mistaken, if we look at certain fundamentals honestly and objectively, we find infinitely more to unite us than to divide us.

Frederick R. Kappel

It also seems to me that these fundamentals are pretty good bench marks to help us judge the meaning of events and the worth of various ideas both in and out of our business.

Results of Continued Improvement

Take for example the very simple point that the more value we build into our service, the more salable it becomes, and the more jobs and opportunity the business can offer.

Starting about a year ago our rate of growth took a downward turn, and as a matter of fact we have somewhat less employment today than we had in 1957.

Let us suppose, however, that in all the years since the war we had made no effort to improve our service. Suppose we had not gone ahead with the dial program. Suppose we had no radio relay—no new PBX's — no color telephones or button telephones — no improvements in teletypewriters—no ocean cables—no short-haul carrier systems—and so on.

Under such circumstances our service today would have fewer capabilities—it would be less attractive—and it would cost more. It would be harder to sell in good times, and much harder to sell in a time of recession. So I feel sure that the improvements we have made in past years are largely responsible for our being able to continue to sell more service today. Needless to say, this has helped to keep many more jobs filled than would otherwise be possible.

Reasonable freedom is one of the essentials we can all agree on. There are many ways to limit the freedom of a business but I shall mention only two.

Limiting Freedom of Business

One way is to hold earnings down by regulation so that the business can't afford to do the things that produce progress. This is part of what has happened to the railroads, and it makes a sad story as you well know. In our own case we have been squeezed very hard in the postwar years. It has been a big task—and it still is a big and everlasting task—to get public understanding and acceptance that good earnings are vital to progress and good service. We have had some success in this but we still have much, much more to do.

What do I mean by "much, much more"? Naturally we must first of all show by our actions that we are sincerely and personally dedicated to giving our customers the best service we possibly can. But that in itself is not enough. We must also tell our story and tell it convincingly. We must do this in every community. We must see to it that the public really knows us, and that the public's representatives in government are directly and fully and honestly informed about what we are trying to do. If we are given treatment that we believe is wrong or short-sighted, we must say so and say why—and never stop working to get the situation corrected. When, on the other hand, regulators and legislators give us the means and encouragement to step up telephone progress, then we must work to the limit to justify their confidence. And I emphasize above all—these are not challenges to top management alone, but to every local telephone team. It takes all of us, and not some of us, to earn the financial freedom the business needs.

Ruling Out Freedom by Rules

Another way to limit freedom is to have so many rules that people can hardly move around underneath them.

Of course any organization has to have some rules. But the function of a rule ought to be to help get things done in a sensible way, and not to hinder or prevent it. We have to keep flexible because we continuously have to deal with new situations that the old rules will not fit. For the sake of the business, the service, and our common welfare, I think we have to be on our guard against applying too many rules too rigidly.

Should higher management, for instance, require local managers to go always by the book, to the exclusion of their brains? Naturally not. It is much better to give people the chance to exercise and develop their brains. If we will do that, they will know when the book fits and when it doesn't.

Likewise, excessive rules and rigidity in job assignments block progress. In some industries this has long since become a heavy handicap. In them, regardless of practical needs, only certain people can do certain things, and some people are even required to sit around and do nothing. One man has to hold the tack while another lifts the hammer, and a third must be on hand to give them both a drink of water.

What is this called? This is featherbedding and it must not happen in our business. Test it against judgment of what is good for the business and for all the people in it.

Does it give freedom to make progress? Does it make service more valuable to the public? Does it make it more salable, so that more people will want it? Does it give men and women the chance to show what they can do? And if the job happens to be a defense job, does it raise or lower the heavy cost we must all pay in taxes? I leave the answers to you.

Let me refer now to another of those basic principles I mentioned, which I can't help but think all of us do believe in. I'll say it this time in a few different words but you will recognize the idea.

Mutual Interdependence

We do depend on the business and the business does depend on us. If we fall short of our best, the business will fall short too. And if the business falls short, the public will surely and quickly find that we have failed them.

To me it follows as night follows day that we—all of us—must be of one mind in wanting to solve all mutual problems on a basis that will be good for the business as a whole. I do not believe, for example, that "management" and "labor" can have divergent ambitions. We cannot serve the common good by aiming in opposite directions.

Room for Disagreements

But let me be clear. Does this mean there is no room for disagreements? Of course it means nothing of the kind. It is in the very nature of things that we will have disagreements. We are all different individuals with many different interests and views. Thank goodness that is so, because no one is smart enough to have all the answers.

What I do mean is this—that we have to have the determination and perseverance to reach solutions and decisions that we honestly believe are in the best interest, not of any particular individual, or of any particular company, or of any particular group—but in the best interest of all. If we have that kind of motive—that kind of ambition—that kind of will—that kind of courage—we need have no fears for the future.

In this business, and in this whole country, we need to work for unity. We have great opportunities, but every person who does not shut his eyes and ears to the facts knows that we also face great dangers and enormous risks. To meet them we must be united. However we cannot achieve unity—we cannot even work for it—unless we first want and desire it, and are willing to sacrifice a little to get it. And if you ask yourself, "Do we really have to have it?" I think the answer will be an unqualified "Yes." The French for years did not desire it, nor did they work for it, and so they lost it. Now they are in desperate straits to get it back. While we do not have some of their particular problems, let us never forget that we do have our own—and they are serious.

Relationship of Government and Business

One of these problems that all of us are right in the middle of, is the relation between business and government.

The kind of government we have very largely determines the kind of business we have. Government can help to provide a good working climate — the kind that stimulates and encourages progress—or it can set conditions that penalize success, discourage initiative, and sap the strength and energy of business organizations.

How? By driving earnings down, as I have already mentioned. By perpetuating bad taxes—the telephone excise tax for instance. By excessive interference in business operations. By making political capital out of attacks on organizations that happen to be big.

A related, critical, and never-ending problem is the problem of inflation. This is nourished both by government spending and by wage increases which add to the cost of countless products and services. Yet many individuals and groups today continue to promote so-called legislative "programs" which promise all things for all men. However these same programs do not at all make clear on what basis everything that is promised will be paid for. In my own opinion they would intensify inflation, foster "boom and bust" psychology, and work a wrong on everyone—and most of all on people of modest means.

If we are going to achieve unity and make the most progress in this country, we have all got to work hard for answers that will serve the common interest. This means that as telephone people and as citizens we have to test our thinking in some very basic ways, and be completely honest and objective about it.

For example, as to any political plan or program, regardless of who proposes it, I think we need to ask—

"Will it benefit the whole community — or just some people at the expense of others?

"Is it good for the long run—or will it pile up more trouble later on?

"Is it sincere — or just smart politics?"

How each of us answers questions like these is his affair and his alone. But I think it is vital that each of us should ask them try to think them through, and come to the answer that best satisfies his reason and his conscience. If business and government today are interwoven — and they assuredly are—then it is self-evident that our individual lives and duties as citizens and as telephone people are interwoven also. They are not identical, of course, but they do go together. I repeat—the kind of government we have very largely determines the kind of business we have. And the kind of government any nation has depends on one factor alone — its people.

Finally, if the way we think has much to do with the way we work, it is equally true that the way we work has tremendous influence on the way others think, and on the degree of opportunity we are all given to serve the public well.

There is one basic charge on us and that is to perform with excellence. Our responsibility is to excel. Generally through the years we have done just that. Under our free enterprise system we have pioneered and provided the best telephone service in the world, and this the whole world knows. The challenge now before us is to make this best even better—and to let nothing diminish our ability to do so.

We have better tools, better equipment, more knowledge, and more skill than we ever had before. We have markets to serve which I am certain will continue to grow. The horizon is boundless. But to maintain our full freedom to serve—to realize all the wonderful opportunities ahead — one thing is essential. We must work together.

I said a moment ago that with the will and courage to work for unity—to reach solutions that serve the common interest—we need not fear the future. I want to repeat and reemphasize that now, and express my confidence in the good faith, the good will, and the abundant plain good sense of telephone people throughout the land. We will succeed—and I am sure too that as always, the Pioneers will lead the way.

*From a talk by Mr. Kappel before General Assembly meeting, Telephone Pioneers of America, Chicago, Ill., Sept. 17, 1958.

Form Inv. Co.

DENVER, Colo. — American Growth Fund Sponsors, Inc. has been formed with offices at 650 17th Street to engage in a securities business. Officers are Robert D. Brody, President; Robert Gamzey, Vice-President; and Louis A. Waldbaum, Secretary-Treasurer.

Hopkins Harbach Branch

HEMET, Calif.—Hopkins, Harbach & Co. have opened a branch office at 126 South Harvard Street with J. Glen Brubaker and James H. Welch as co-managers.

Challenge in the Year Ahead

By JOHN K. LANGUM*

President, Business Economics, Inc., Chicago, Ill.

Chicago economic consultant believes inflation is not likely to be a major problem in the year ahead and avers that the economy still faces a significant challenge during this period of achieving adequate recovery.

The American economy still faces the significant challenge over the year ahead of achieving adequate recovery. Clearly, we have not only gone past the bottom of the recession, but also we have experienced a remarkable step-up in economic activity. But hitting the bottom and moving up is not the same as moving up enough.

John K. Langum

Basic forces influencing key areas within the economy are not entirely favorable. Plant and equipment expenditures will likely move down into 1959. Housing activity has improved, but is running into the impact of tighter credit. It is very much a question as to how the 1959 automobile model will fare.

Liquidity Shortage

Very important, also, is the continuing shortage of liquidity in the American economy. The money supply is larger than ever before in terms of dollars. But in relation to the size of the economy, the money supply is low and in fact, less than at any time in a quarter of a century or more.

In these circumstances, inflation is not likely to be a major problem in the year ahead even with the Federal deficit, barring unexpected international developments. The confident expectation of jumping back to boom levels of activity and pressure on prices will not likely be realized. In these circumstances the Federal Reserve should take great care in avoiding nipping recovery in the bud through too rapid or too strong an application of monetary restraint.

Eagerness to avoid the mistakes of 1954-1955 could well cause the Federal Reserve System to make new mistakes which could be even more serious.

*From a talk by Mr. Langum before the School of Banking, University of Wisconsin, Madison, Wisc.

With Mitchell Hutchins

Robert Cornelius Reynolds has become associated with Mitchell, Hutchins & Co., 1 Wall Street, New York City.

Co-Mgr. of Kidder Branch

Joseph M. Mandese, registered representative for A. M. Kidder & Co., Inc., 506 Florida Avenue, was appointed co-manager with Barnard Prescott.

With Lloyd Arnold

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—James N. Griffiths is now with Lloyd Arnold & Company, 364 North Camden Drive.

Joins Cal-Pacific

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—James L. Johnston has joined the staff of Cal-Pacific Securities, 140 North Robertson Boulevard.

Stock Market Outlook

By D. MOREAU BARRINGER*

Chairman, Delaware Fund and Delaware Income Fund
Philadelphia, Pa.

Mr. Barringer's optimism about probable course of stock averages, despite belief market is awfully high, takes into consideration: public's eagerness for inflation-protection, or with "growth," presence of institutional buyers on the demand side, lack of new stock issues, gradual acceptance of common stocks by conservative investment managers, and improved plant efficiency. The Delaware Fund head foresees economic growth factors in the longer outlook bringing about higher business volumes and well-maintained margins, and doubts future set-backs will prevent a better than ever recovery.

When one is asked to talk about the outlook for the stock market, many seem to think one should discuss the probable course of the averages. This is evidenced by such questions as "Do you think the market's going up from here?" or "Don't you think the market's awfully high?" or "Don't you think I ought to sell stocks?" or "Shouldn't I buy some more stocks here?"

D. Moreau Barringer

I would say that, paradoxical as it may seem, the answer to all four of these questions might well be "Yes."

Do I think the market's going up from here? Yes. The market for those issues particularly identified in the public's mind with inflation-protection, or with "growth" (an extrapolation not always to be relied on), will probably go up from here. As long as business volumes and profits seem to be on the increase, so long will people project the earnings of their favorite growth stock in the same direction—and, irrespective, apparently, of such things as P/E ratios, do the same with their estimates of future prices.

And in the case of raw material stocks, the public seems unperturbed by surplus capacities or inventories, and seems to see only the assumed protection against inflation inherent in "things in the ground."

The market for stocks in these two categories, at least, is likely, in my opinion, to go up from here.

"Don't you think the market's awfully high?" Again the answer is "Yes." The Dow-Jones Industrial Average looks to be earning no more than $28 this year, and is currently selling for 18 times that figure. In 1957, it averaged 13 times its earnings for that year, and in the years preceding 1957 it averaged 15, 12, 12 and 10 times its current rate of earnings. There isn't any law that says a ratio of 18 is out-of-bounds, but I think most people will agree it's pretty high.

Stocks the People Will Want

The question "Don't you think I ought to sell stocks?" can of course be answered "Yes," but as regards certain stocks it can be answered that way at almost any time. Besides, it makes more business. But I personally would add the caution: "Yes, I would sell stocks of stagnant industries or unimaginatively managed companies, but at the same time I would buy stocks the public will want." What are they? I think they would include the extractive and basic industries in general —starting with steel—and those manufacturing industries dealing with modern and developing arts and sciences — data processing, electronics, the perennial chemicals, and so on.

The same method serves to answer the opposite question: "Shouldn't I buy some more stocks here?" Yes, you should—and not only for the purpose of helping out the commission account. Wise selection of stocks will be rewarded in high prices.

In brief, I am not bearish on the market—even on the averages—and I am bullish on certain categories that go to make up those averages.

It is bromidic to say that demand and supply determine price, but every now and then it needs to be said about stock prices, nevertheless. It isn't earnings, it isn't dividends, it isn't book values, that directly determine prices of stocks. It is the relation of the people who want to buy to those who want to sell—or better, the relative eagerness and ability of the potential buyers and the potential sellers.

Institutions on Demand Side

Pension funds, welfare funds, profit sharing funds, insurance companies, are not usually sellers of stocks. They are buyers of varying urgencies but of constantly increasing power. They appear, with rare exceptions, only on one side of the demand-supply equation.

Mutual funds are almost as one-sided. For every dollar of cash or equivalents set aside as a cautious reserve by a mutual fund, the industry finds itself handed several dozen dollars by a public whose appetite for stocks is not satiated but apparently whetted by higher prices. The funds are therefore only mirrors of the public's demand, which they can modify only in slight degree as they pass it on to the market-place.

The supply of stocks comes originally and most effectively from issuing corporations. They usually want to take advantage of high public confidence to raise equity money to increase their productive capacities. But right now, in September, 1958, there is a lot of skepticism about the desirability of increasing capacity. The "normal" flow of new stock issues that one would expect at 500 in the DJ-Industrial Average hasn't materialized. In fact the most publicized item of supply of stocks — the stocks of mutual funds, old or new—must really be calculated on the demand side of the stock price equation.

We have to go back, therefore, to the public appetite for stocks as the prime mover behind this market level, and try to guesstimate what makes it tick or what will make it change its tempo of ticking.

There is hardly a family, except the very youngest, that hasn't been hurt by the inflation of the past thirteen years. Searching for a defense against this sort of burn in the future, many people (I am almost tempted to say "most people") have hit upon investment in common stocks. Perhaps they'll be wrong. Perhaps they'll suffer disillusionment in time. But so far they haven't been wrong, by and large, and it evidently takes more than a few months' decline to bring about the kind of widespread disillusionment we saw in the 'thirties. That class of demand will, I think, continue largely unabated.

Conservative Acceptance of Stocks

On top of that, the managers of institutional money have increasingly come to common stock investments in recent years. They started on this course after the war, when yields of 5% to 8% were obtainable on high-grade stocks, compared with less than half that on corporate bonds. Pension funds could greatly shorten the time required to make pensions adequate by buying stocks. Insurance companies got added advantage from the tax exemption of intercorporate dividends.

These yields, and the generally good performance of the stock market, gradually broke down the traditional objection of conservative investment managers to common stocks. Once in the frame of mind to countenance these former outcast investments, the managers found, first, that the public approved their action, and, second, that it was highly profitable. Now these huge categories of investment funds are firmly on the demand side of the stock-price equation; and it would take more adversity than the market has yet handed us to dislodge them.

Lack of New Stock Issues

So we are faced with a demand-supply balance that won't balance. On the demand side are the public, and the institutional investors egged on by the public. On the supply side the new issues of common stocks in the first five months of this year have shrunk to under 100 million dollars a month—less than the sales of new mutual fund shares alone. And the present holders of stocks, who might be tempted by today's high price-earnings ratios and low yields to enter the balance on the selling side, are deterred by their tax liabilities, and their distrust of competing investment media.

Lest you think, however, that I am saying that these forces have driven the market to unreasonable or dangerous heights, I should add that I believe there is much, in today's business outlook, to justify at least the present levels of most major stocks.

Better Control of Costs

The 1957 recession came as a severe but salubrious shock to many corporate managements. A degree of cost control was instituted which didn't have enough time to make itself felt by the first quarter of 1958, or even the second quarter, but which should make extremely interesting reading as larger sales and wider profit margins appear in the third and fourth quarters.

In support of this, I have read the opinion recently that the steel industry has experienced so striking a cleaning out of excess personnel that it could operate far above the 61% rate of June without increasing its then figure of 510,000 employees.

Another estimate, attributed to a major industrial company, maintains that its overall profit margin now, at 75% operations, is equal to its pre-slump margin at a 95% rate.

With some exceptions, this process has gone on throughout all industries. It should result in an improved level of earnings on a similar level of sales, assuming we are on the way back to the sort of business volumes we saw at the peak in 1956.

Nor has the improvement all been negative. The years preceding 1957 were characterized by a larger amount of new plant construction than any in history, and most or all of that new plant represents a striking improvement in efficiency. Because of the decline in sales which began in 1957, a lot of that new plant has not had an opportunity to demonstrate its effect on costs and product improvement.

Assuming again that we are on the way back to a business volume level of 145 or more in the Federal Reserve Board Index of Production, this increased efficiency of plant will join with the better use of personnel to produce strikingly better margins of profit.

In 1957 the FRB Index averaged 143 for the year. The Dow-Jones Industrial Average, which earned $36.08 a share that year, earned a little over 25¢ per point of the FRB Index. This figure, which had risen from about 20¢ in 1953 to about 26¢ in 1955, dropped a little in 1956, rose again to 25¢ in 1957, and then slumped to under 19¢ in the first half of 1958. What it will do in the rest of the year and in 1959 is still guess-work, but my guess is that it will rise to or over 26¢ by the time the FRB gets back to 145 — which would indicate a new high level of earnings for the Average, of something like $37.50 a share. Now what multiple should we apply to this level of earnings? The skeptical 12 times of 1954 or 1955? Or the confident 15 times of early 1957? Or the hopeful 18 times of today? It may be worth noting that 18 times $37.50 is 675.

Conclusion

As long as business volumes are on the increase, and earnings are on a faster upward trend, the sort of people who have been eagerly buying stocks for the past eight months aren't likely to reverse themselves to any sharp or unanimous degree. I believe business volumes are still increasing, helped by at least a temporary rise in automobile production (barring an extended strike); and I think cost control will continue to counteract rising wages, and to show positive effects on profit margins.

Hence I am optimistic about stocks, for the coming months.

For the longer outlook I am no less optimistic. Population growth, family formations, housing demands, beckoning super-highways, technical improvements, defense requirements—they all argue for higher business volumes and well-maintained margins. Of course we'll have setbacks — we've just been through one and we'll probably see worse ones. But I don't see one around the corner, nor do I visualize one from which we can't recover better than ever.

*An address by Mr. Barringer before the Financial Analysts of Philadelphia, Philadelphia, Pa., Sept. 11, 1958.

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Family Funds of New York, Inc. has been formed with offices at 630 Third Avenue, New York City, to engage in a securities business. Officers are William G. Damroth, President and Treasurer and Frans J. Weterrings, Secretary.

How Government Spending Affects Prices

By DR. MURRAY L. WEIDENBAUM
Product Economist, Boeing Airplane Co.

Dr. Weidenbaum indicates the great many ways in which government spending influences the price level. Shows in detail how this is brought about, directly and indirectly, intentionally and unintentionally, by government programs. Also shows how the Federal Government in its overall operations can affect prices, as through commodity support price guarantees, direct purchase of many commodities; setting wage and working standards as employer; bidding for goods; setting the price at which it sells specific commodities; selling to certain classes of buyers at less than market price; undercutting the market on lending rates; subsidizing extra production or sales by private firms; making research available to particular companies. Concludes price effects of Government's combined role as buyer, seller, and promoter are so diverse they call for urgent consideration in determining government programs.

Federal Government spending programs can affect private price formation in a great many ways. As a major buyer of privately-produced goods, the government sets or strongly influences prices. As a seller of the goods it produces or buys, the government affects the costs or prices of and demand for privately produced goods. Also, the government affects business costs and sales by subsidizing private production, lending funds, furnishing facilities, and in other ways altering the structure of demand.

M. L. Weidenbaum

This paper analyzes the various mechanisms through which governmental spending programs may affect the costs of business firms, the demand for their goods and services, and the prices they charge.

The Government as Buyer

The Federal Government has become by far the largest single purchaser of the goods and services produced by the private economy. In 1957, 7% of the net sales of business firms were made to the Federal Government. During periods of national emergencies, the percentage has been significantly higher.

As a result, changes in the aggregate of government expenditures can affect the general price level of the economy. During a situation of relatively full employment, an increase in government procurement tends to raise prices, as a result of government agencies bidding against private firms and individuals for existing resources. Similarly, government transfer and other payments tend to increase inflationary pressures under such circumstances by strengthening private demand.

A rise in total government spending ordinarily has little effect on prices when sufficient idle resources are available to meet the new government demand. The major expansive effect is on the output of the economy.

The precise effects of an increase in government spending on prices and production depend on the nature of the new government disbursements, the composition of competing demands, the structure of the industries affected, and the impact on private expectations.

Often, the mere knowledge that the government is going to increase its spending significantly sets off a wave of private purchasing and an inflationary spiral well in advance of the actual governmental disbursements.

The experience immediately after the outbreak of the Korean conflict serves as a case in point. Expectations that sharply expanded defense spending would bring higher prices and shortages led to immediate forward buying. The larger volume of consumer buying contributed to increased demand all along the line. Distributors' orders mounted as they attempted to maintain or build up stocks. Manufacturer's orders for raw and semi-finished materials also rose substantially.

As a result, wholesale and retail prices rose sharply during the first few months of the conflict. However, total Federal expenditures remained relatively stable during the period and the rate of military orders placed did not rise significantly until the following year.

The price effects of a reduction in total government spending are analogous to those accompanying an increase in public outlays. During a period of relatively full employment, such a decline tends to reduce general price levels or to dampen the tendencies for further increases, without much effect on total production. Under circumstances of less than full employment, a decline in government expenditures causes a reduction in total productive activity.

The aggregate approach, however, does not adequately convey the impact of government purchasing on specific industries and firms. The following section attempts to indicate such effects resulting from the operations of a number of individual government programs.

In some instances, the government has chosen to set the price at which it will buy specific commodities. In other circumstances, it influences the price because of its strong market position. In many cases, the government buys on the open market and exercises no important influence on private pricing practices.

Government-Determined Prices

The monetary metals are prime examples of commodities which the government will buy at a set price. The Treasury buys (and sells) gold at the fixed price of \$35 an ounce minus (or plus) a handling charge of one-fourth of 1%. As a result, the price of gold in the United States, and in the world market generally, fluctuates within the narrow range of \$34.9125 to \$35.0875 an ounce.

The Treasury buys newly-mined silver from domestic producers at the fixed price of 90½ cents an ounce. However, it is not generally prepared to buy from foreign producers at that price and it sells silver at a price that may vary from the statutory buying price. Consequently, the market price of silver may be either above or below 90½ cents an ounce. In effect, the Treasury buying and selling policies establish a floor under the price of domestic output but have no such influence on foreign production or on accumulated stocks, nor do they determine a ceiling on the price of silver.

Other important instances in which the government determines prices of private output are also in the raw material field. These include both agricultural and mineral products, discussed below.

The Department of Agriculture, under the farm price support program, supports the prices of a number of agricultural commodities. The so-called basic commodities — corn, cotton, peanuts, rice, tobacco, and wheat—are currently supported at between 75 and 90% of parity, depending on the Agriculture Department's estimation of the relationship of anticipated supply to anticipated demand. The support level progressively drops as the estimate of supply rises above expected demand. In the case of tobacco, the support price drops below 90 only when marketing quotas are not in effect and have not been disapproved.

The support of farm prices is provided through loans, purchase agreements, and purchases. Each of these devices provides price support at exactly the same level. As the loans are of a non-recourse type, many analysts view them as merely a preliminary step to the eventual government purchase of the commodities, rather than purely credit transactions. When the market value is less than the amount loaned, the borrower may choose not to repay the loan; he may surrender the product at the end of the loan period and be free from any obligation to pay the difference between the amount advanced and the market value of the product. Thus the loan is, in effect, a purchase commitment which establishes a price floor for the commodity.

The essential difference between a loan and a direct purchase is that, in the former case, the farmer retains the opportunity to sell his commodities commercially if the market price is more favorable to him than the support price. A purchase agreement, on the other hand, provides a convenient form of price insurance for the producer who does not have an immediate need for cash or who is not able to meet the loan storage requirements.

Loans and purchases by the government support prices in two major ways: (1) by providing farmers with a cash return at the support level, and (2) by strengthening market prices of the commodity through withdrawal of supplies from the market.

The farm price support program is a government spending program with accompanying regulatory features. Farmers desiring to participate in price support arrangements must abide by the acreage allotments and marketing quotas which are in effect for the commodity. When significant numbers of farmers do not participate in the program, the prices of supported commodities may fall below the support level.

Price guarantees probably tend to expand agricultural output, particularly of supported items and may result in increased investment in agriculture. It is apparent that the price support program has not contributed to any increase in the demand for farm products. To the extent that price elasticity exists, it would be expected that the program lessens demand; where prices would decline in the absence of the program, price support payments prevent the rise in demand which would accompany the price reduction.

Under the Defense Production Act and related legislation, the government supports the prices of a number of minerals as a means of encouraging domestic development. The government has entered into contracts with mineral producers to purchase all or part of the entire output from a new source of supply at a specified price for a specified period of time. Generally, the producer has the option to sell his material on the open market (if he can obtain a price equal to or higher than the guaranteed price). However, the government may call for certain quantities during the contract period. Aluminum, copper, nickel, fluorspar, molybdenum, titanium, and zinc programs have operated in this manner.

In order to increase domestic production of such minerals as beryl, mica, mercury, and manganese, the government has established fixed incentive prices available to all domestic producers.

Titanium furnishes an extreme example of the impact of government procurement and related assistance on the price level and the very development of an industrial commodity. Government contracts with titanium producers generally provide that the government will underwrite a market at guaranteed prices for the entire production of each contractor.

In addition to executing commitment-to-purchase contracts, the government has advanced funds to contractors to finance the construction of titanium facilities and has underwritten the cost of research designed to improve production, reduce unit costs, and improve utilization of the material. The General Services Administration, the Federal agency administering the defense materials program, has stated that titanium probably could not have been developed except with government assistance.

The Atomic Energy Commission has established "guaranteed fair" prices for various nuclear materials. Its price-guarantee policies for uranium anticipate a transition from a government-controlled to a commercial market. The Commission has announced that it will terminate its guaranteed purchase price for uranium ore after March 31, 1962. Thereafter, until Dec. 31, 1966, it will provide a guaranteed market for uranium concentrates produced commercially from domestic ore. A concentrate price will be guaranteed rather than an ore price since a concentrate is the primary product desired by private industry.

Purchase programs of the AEC are thus a means of fostering private industrial capacity by creating a base load justifying plant capacity and development effort which the embryonic atomic energy industry might not support alone.

Government-Influenced Prices

For a number of industries, the Federal Government is such a large customer that it may exercise an important influence on the price at which the firm sells. Military procurement of weapons is a striking case in point. In 1955, over 95% of the total sales of the 12 largest airframe manufacturers were to the Federal Government. Three-fourths of the firms reported that at least 99% of their sales were made to the government. The services' purchase policy will inevitably be the principal determinant of the price and profit policies of such industries. Market experience cannot serve as a guide.

Of necessity, the competition within the aircraft industry is primarily related to design. By the nature of military requirements, there is maximum pressure upon the Armed Services to obtain the most advanced weapons. After mission requirements have been established for major weapon systems, engineering-design proposals are requested from qualified contractors. Such proposals are evaluated in terms of excellence of design, demonstrated production ability (including both quality and schedule attainment), costs, and other pertinent factors. For any given competition, different weights may be assigned to each factor, depending upon the urgency of the procurement and mission requirements.

Thus, military contracts are negotiated primarily with selected suppliers rather than awarded through public advertisement of bids. During the fiscal years 1951-1955, military prime contracts with business firms for work in the United States totaled \$126.8 billion. Of this amount, contracts totaling \$111.3 billion were awarded on a negotiated basis.

Military procurement officers can award a number of types of contracts to private business firms: cost with no fee, cost with fixed fee, incentive fixed price, and firm fixed price.

Under a "cost, no fee" contract, the contractor provides supplies or services at actual cost with no fee or profit. Such contractors are typically educational and related non-profit institutions performing research.

Cost-plus-fixed-fee contracts are generally utilized on initial contracts where experience in the production of the articles contracted for is limited and on contracts for research and development work by commercial establishments.

Under incentive contracts, target costs and profits are established at the inception of the contract or at specified times during the initial stages of performance. Upon completion of the work, the sales price to the government is reduced by a stated percentage of any reduction in the target cost. The remainder of the cost reduction accrues to the contractor. If actual costs exceed target costs, a stated percentage of the excess is borne by the contractor and the remainder by the government. Predetermined ceilings are also set on the final contract price and on the contractor's profit.

Under the firm-fixed-price contract, supplies are furnished at a specified firm price with no provision for adjustment. An example is the procurement of a follow-on order of aircraft in which experience has been gained to the point where an acceptable firm price could be determined.

The program of stockpiling strategic and critical materials is another example of the government buying a significant share of an industry's output and, oftentimes, affecting the general sales price of the commodity. For example, the stockpile takes all strategic mica produced in the United States today and will continue to do so until December 1962. Under this program, the government has also acquired substantial amounts of 75 other materials. Contracts for the stockpile have sometimes been above the market price to encourage greater output and, in some cases, have tended to raise the general price level of the minerals involved.

During times when the materials being stockpiled are in short supply in the private economy, the government has permitted scheduled deliveries to be diverted to private customers, thus reducing the pressures for price increases.

During the first six months of 1957, about three million pounds of molybdenum was diverted to industry because of tight world market conditions. The extent to which similar diversions (and outright sales) could be made in the future may be seen from the fact that 62 other materials in the stockpile are equal to or in excess of current "priority level" objectives. Items in this category include aluminum, asbestos, cobalt,

Continued on page 38

The Oil Industry Faces The Challenge of Change

By M. J. RATHBONE*
President, Standard Oil Company (New Jersey)

The oil industry is told that it is an "absolute necessity" to show an even greater willingness to search out and readily adopt improvements in the way the oil industry operates—in seeking out, testing, developing and adopting new methods and ideas—than it has in the past. Mr. Rathbone emphasizes key importance of research; calls attention to the marketing challenge posed by growth of private brand stations; points to impact of natural gas and heating oil upon the industry; and cites the rapid growth of oil companies' exploring and producing operations abroad. Deplores recurring dissensions, particularly the way they are aired, and offers some suggestions to remedy this to avoid "strait jacket of government regulation of our entire industry."

We are living in an era of constant change. Land frontiers of the world have all but disappeared. Men are beginning to probe into space and the time is probably coming when we will be able to pioneer on some other planet. But today our problem is getting along on this particular planet. This is not an easy problem—because it is often man's tendency to ignore change when it doesn't concern him directly and to resist it when it does.

M. J. Rathbone

Political, economic and social forces are at work everywhere in the world. These forces are causing changes in governments, in economic policies, and in business and international relations. Weapons of great destructive power are being perfected by men of many nations — and cold war developments present us with new challenges almost daily. Important new trends are developing in trade and finance. Our inventors and engineers are coming up with new products and new methods at an unbelievable rate. Some of them are so far-reaching that it is impossible to foresee their full impact at this time.

The oil industry has probably changed more than any other major industry since the war. Every phase of the business has been affected by new developments. Some of these changes have been accepted; others we have tried to reject. Some have been fully understood, others only partially digested. Almost all of them have caused problems and, unfortunately, dissension.

Bewails Internal Dissension

When we stop to think about it, changes within the oil industry almost always seem to cause dissension. Internal dissension has become more intense during the last few years and I believe most of us will agree has had an adverse effect on our relations with the government and with the public. A little later this afternoon I'll come back to this point, but first I want to explore some of the changes which have taken place in our industry in the past decade. As a start, we can look at the marketing end of the business—an area where many shifts have occurred — and where many more can be expected.

The past several years have seen a tremendous intensification of the generally stiff marketing competition in our industry. Oil marketers — big and small — have aggressively sought new customers, both in their home territories and in new areas. West coast brands have come East; East coast brands have gone West and South—and Middle West marketers have gone in all directions. Today, new markets and new customers are the goals of every vigorous gasoline marketer in the United States.

To get new customers, oil companies have been among the first to use every new advertising, sales promotion, and marketing technique developed since the war. Motivational research, "hard sell," "soft sell," population studies, marketing surveys, opinion polls, green stamps, blue stamps, dishes, and even toys—all of these have been used to try to win over the American motorist. For years the oil industry has concentrated on product research with the result that we are giving the public far better products at prices (excluding taxes) comparable with those of 25 years ago. Today, in addition to creating new products, and improving existing ones, greater and greater emphasis is being placed on market research and other research which may give clues as to how to gain new customers and hold old ones.

Private Brand Competitive Growth

Certainly one of the most vigorous developments in oil marketing in recent years has been the growth of private brand retailers —sometimes known as "independents," or "chain gasoline retailers."

Their growth is of tremendous significance to everyone in the oil industry. And they **have** grown! Chain gasoline retailers have up to 50% of the business in some urban markets. In Savannah they have about 40% of the market. In Oklahoma City about 50%. In Knoxville, 30%; in Montgomery, 25%. Many of these retailers were formerly called "trackside operators." They have certainly come on the "other side of the tracks." You are in the business with both feet when you operate chains made up of 100 or 200 service stations.

These independents have increased rapidly. There are presently about 25,000 private brand outlets in the United States. In the Eastern regions of the country, in the past eight years, the number of private brand stations has almost doubled, and the volume per station has approximately trebled.

These retailers have been very aggressive in using new methods and approaches to the business of selling gasoline to motorists. The ultimate effect of these methods may turn out to be similar to the changes brought about in the food business and in the appliance field by stores whose high efficiency enables them to operate on a low mark-up.

America has experienced a "revolution in retailing" in the past decade. A new retail climate has been created which affects gasoline purchasers as well as the rest of the consuming public.

We are all familiar with the rise of the so-called "discount stores" and the growth of supermarkets. These retailers work with large volumes, and employ every known efficiency in their operations. Thus, they have been able to offer their customers lower prices yet still enjoy an adequate level of profit. The private brand operators in the gasoline business have adopted many of their basic ideas.

As they have become successful, private branders have expanded into chains. They have built big, good-looking stations — handling impressive volumes. They present a real challenge to other gasoline dealers and especially to those whose ability to compete is impaired by low efficiency.

Here is a development which must be recognized by all concerned— dealers, distributors, big companies and small companies. The growth of chain gasoline retailers should make every segment of the oil industry examine its operations—look more carefully at its costs — reappraise its investments — become more efficient. For this change in marketing is **real** change—and it may alter the entire complexion of one area of the oil industry. I think it is fair to say there is real evidence the motoring public wants lower cost distribution of the products it buys.

We also have experienced an important break with the traditional two-grade system of marketing gasoline. This development was brought about by heavy competition—competition in two great industries, automobiles and petroleum. Competition in the automobile industry led manufacturers to increase compression ratios in postwar years quite rapidly. New cars demanded higher quality (and thus higher cost) motor fuels but millions of old cars are still on the road which do not need such quality and should not pay for it. To meet the quality requirements of all cars on the road most economically, both for the user and for the supplier, some of us thought changes in the two-grade gasoline system had to take place. Others did not! The trend toward higher compression ratios is still with us and it will be of more than passing interest to see which system will finally prove to be the best.

Heating Oil and Natural Gas Growth

Elsewhere in the marketing field changes have taken place. For example, the use of heating oil has grown at a much faster rate in the postwar years than the average for all other fuel products. This has had its impact on refinery yields, on inventory patterns, and on the seasonal swings of the entire business. It has tended to make all our operations more sensitive to abnormal weather conditions. At the same time, natural gas has grown from infant to giant proportions as a competitor in the space heating market. Here again are two very real and important developments which present all sorts of challenges which will have to be met, and met effectively if we are to continue to prosper.

But change is not restricted to marketing alone. We see it in refining, too, where in the past decade, there has been a steady growth in the development and application of technological improvements. However, one of the most interesting and significant changes has been of a somewhat different nature. By this I mean the fact that during the last 10 years the total capacity owned by smaller non-integrated operators has grown at a much faster rate than the total capacity owned by the large integrated companies. This shift has had and will continue to have all sorts of effects on every phase of the oil industry.

Traditional concepts regarding the size of refineries have also changed. Many of the smaller modern refineries operate quite efficiently and economically. Some even turn out products with fewer men and a lower investment per barrel of capacity than many of the large refineries. They capitalize quickly on new techniques and they know how to keep costs down. We used to think only big refineries could do a good job in this respect. Of course, you can't get **too** small and operate efficiently. But the fact remains that our former ideas of the minimum efficient size for refineries have been revised downward sharply by developments of the past decade.

I want to emphasize that seldom can important changes occur in one phase of the oil industry without having direct or indirect effects on most other parts of the industry. In any one branch of our business it's pretty hard to be immune to the effects of the problems in the other branches.

Foreign Operations

In production, for example, there were in 1952, 72 United States oil companies carrying out exploration and producing operation in 51 countries abroad. Last year, these had increased to 150 companies with operations in 73 different countries. Here is further proof of the dynamic nature of our industry. And this fact has significance for refiners and marketers as well as for producers.

One of the reasons for increased activity in producing overseas is that material costs and wages have soared at home. Another reason is that, at the same time, foreign nations—needing more revenue and increased living standards—are all seeking to develop their petroleum resources as a basis for trade with other foreign countries. One major effect of increased overseas exploration and producing effort has been to increase producing capacity greatly in many areas. Couple this with the recents slow-down in the growth rate of demand for oil and real problems begin to emerge —problems that deserve our most serious attention — problems created by changing conditions.

There have always been new developments in oil transportation. The new and the improved have a way of pushing aside the old. Supertankers are beginning to run the familiar T-2 off the seas and into the scrap yard. In fact, when I say "supertanker," I'm not quite sure of just what size I really have in mind. When first used only 10 years ago, it meant 26,000 tons to me. Now we are thinking in terms of twice that size and beyond. Since transportation is an important factor in the price of our products, today's large tankers are far more than colossal examples of the ship builder's art. They are a definite asset to our economic system.

Independent Tankers

Few people realize how much oil companies depend on inde-

Continued on page 40

*An address by Mr. Rathbone before the National Petroleum Association, Atlantic City, New Jersey, Sept. 10, 1958.

Mutual Savings Banks And the Capital Market

By SAUL B. KLAMAN*

Economist, National Association of Mutual Savings Banks, New York City

Former Federal Reserve specialist previews housing and mortgage outlook and pressures likely to cause savings banks to reappraise their future investment programs. Now an economist for mutual savings banks, Mr. Klaman reviews the industry's unique investment experience and voices misgivings about the impact of Federally-underwritten mortgage with fixed interest rates on housing and mortgage markets and the rest of the capital market since investors complement changes in mortgage flows by changes in other investment actions. Through 1958 and early 1959, the author does not anticipate a downturn in housing and mortgage activity but notes that new mortgage commitments yields have firmed and other terms have become more restrictive. Opines that better business conditions accompanied by tighter credit will cut down mortgage-housing activity and cause industry to reappraise corporate securities and short-term governments.

The American economy functions essentially through a system of private competitive markets. Our market places are, in effect, a complex of institutional arrangements through which the nation's goods, services and financial claims are exchanged. While many of these markets can be separately identified for one purpose or another, each is closely linked with other markets by institutions or individuals that operate simultaneously in several of them. The separation of markets for purposes of analysis, therefore, must generally be somewhat arbitrary.

Saul B. Klaman

So it is in the case of the separation of the market widely identified as "the capital market," from other types of financial markets. The capital market is distinguished from the so-called "money market" mainly by transactions in long-term as against short-term marketable financial instruments. These sectors of the financial market are linked not only by the simultaneous operation of some financial institutions in both sectors, but also by the pervasive influence of Federal Reserve and Treasury operations on both long and short term yields and on flows of funds.

Organization and Function of the Capital Market

The capital market is itself a broad market encompassing at least four leading and clearly distinguishable sectors—those for mortgage loans, corporate securities, state and local government securities, and U. S. Treasury obligations. Each of these sectors is in competition for the available supply of long-term funds, each is influenced by the same broad forces of credit availability and monetary and fiscal policy, yet each is marked by distinctive institutional characteristics and operating techniques. A study of these markets, in which I have had the privilege to participate, is in progress at the National Bureau of Economic Research. I commend each of the parts of this study to your attention as they become available.

Uniqueness of Mortgage Market

All but one of the main capital market sectors functions essentially as a national market; all but one functions under free, competitive interest rates and yields; all but one functions relatively free of the influence of unpredictable legislative and administrative decisions of the Federal Government. The one exception is, of course, the mortgage sector. This market is a composite of thousands of local markets, each subject to unique local influences; this market operates with a large area of its activity subject to inflexible interest rates specified by law or regulation; this market is exposed to Federal legislative actions each year which have an influence often more important than broad economic and financial developments.

The mortgage market is unique, also, in that it is the only sector of the capital market in which sources of funds are concentrated in the four main types of institutional investor — life insurance companies, commercial banks, savings and loan associations, and mutual savings banks. In other capital market sectors, individuals, corporate investors, pension funds and other groups play a significant role.

The function of the capital market is to compete for and allocate the available supply of loanable funds among its various component sectors. In our free enterprise economy this function is performed most effectively when all classes of lenders and borrowers are free to compete on equal terms. Because one large class of mortgage borrowers has been precluded from competing equally for funds, the allocative function of free market processes has not been permitted to operate effectively. Not until the economic realities are driven home to our Federal legislators, therefore, and the federally underwritten sector of the mortgage market freed from is price rigidities, can the capital market function at its maximum effectiveness. A market half free and half controlled operates neither in the interest of the individual nor of the economy as a whole.

Size and Structure

Just how big is this capital market we speak of and how has its composition changed over the postwar years? At the end of World War II the total outstanding long-term debt in the United States, including debt owed by corporations, mortgagors, state and local governments, and the Federal Government, amounted to more than $300 billion. In the succeeding years through mid-1958, this indebtedness has expanded by nearly two-thirds to well over $500 billion. In addition, there has been a great expansion in the market for equity issues.

Total net flows of funds into all capital market sectors, those dealing in equity as well as in debt instruments, are estimated to have approached $225 billion between the beginning of 1946 and the middle of 1958. This is nearly twice the growth in outstanding credit in the short-term financial sector, including business loans, consumer loans, and trade credit.

The record clearly indicates that over the post-World War II period as a whole, mortgages have been the preferred investment outlet in the capital market. Net flows into the mortgage sector, mainly from life insurance companies, commercial banks, savings and loan associations and mutual savings banks, have amounted to over $126 billion, half again as large as the net flow into corporate securities, and more than three times the net flow into state and local government obligations. Moreover, notwithstanding important shifts in investment activity during the postwar years, annual net mortgage flows have exceeded those into each of the other capital market sectors in every postwar year except 1957 and 1953.

The dominance of expansionary forces in the mortgage market was especially marked in the early years after World War II. Demands for real estate and construction were heavy following reduced production during the years of war and depression. In addition, liquidity of financial institutions having large holdings of Treasury securities, relatively favorable mortgage yields, and generally expansive fiscal and monetary policies, as well as steadily liberalized mortgage and housing programs of the Federal Government, resulted in large and increasing flows of funds into mortgage markets. Demands of corporations and of state and municipal governments for capital financing were large but less pressing during this period, and markets for their securities were not as attractive to institutional investors as was the mortgage market.

As a result, the net flow of funds into mortgages from 1946 through 1950 was nearly twice that into corporate securities and more than four times the flow into state and municipal obligations. The liquidation of over $33 billion of U. S. Government securities during this period of Federal Reserve price support, provided a ready source of funds to financial institutions for investment in higher yielding securities.

Capital Market Changes After Korea

The capital market environment changed markedly in 1950-51 as a result of two significant events —the Korean outbreak in mid-1950 and the Federal Reserve-Treasury "accord" in March 1951. For a time mortgage markets were placed under direct restraint through Regulation X. Financial institutions, moreover, no longer enjoyed the nearly unlimited liquidity of the "pre-accord" days and could not meet all of the demands for funds in the capital market. The Federal Government, finally, added pressure to the private demands in the capital market by substantially increasing its outstanding obligations to the public after 1950. An end had been brought to five years of nearly unlimited expansion, and the beginning of alternating periods of contraction and expansion in capital markets was underway.

The record is clear that during periods of credit ease, the flow of funds into the mortgage sector increases relative to other sectors, and during periods of credit stringency, the flow of funds into the corporate and state and municipal securities sectors increases relative to the mortgage sector. During 1952-53, for example, when yields in financial markets were rising, the average annual flow

Continued on page 45

*An address by Mr. Klaman before the New Hampshire Association of Savings Banks, Sugar Hill, New Hampshire, Sept. 20, 1958.

Continued Moderate Improvement to Precede Strong Business Upsurge: Nadler

Hanover Bank's economist avers basic causes of the recession must first be corrected before we can return to capacity performance. Dr. Nadler doubts there will be a housing boom or rapid turnabout in capital outlay in the near future but does conclude that the recession has halted and will undergo respite and consolidation before strong upsurge can be expected

There is no single force in the private sector of the economy today that can bring about a sharp business upturn in the immediate future, according to Dr. Marcus Nadler, consulting economist to The Hanover Bank.

Marcus Nadler

In a 32-page illustrated study entitled "Recession and Recovery," published Sept. 18 by Hanover, the economist says that while the 1957-1958 decline has halted, improvement will be moderate and gradual.

The upturn "will reflect the end of inventory liquidation, better demand for non-durable goods and services, increased purchases of goods and services by government—Federal and local—and expanded public works," he states.

On the other side of the ledger, Dr. Nadler foresees a continuing decline in capital expenditures, the unlikelihood of a major housing boom, and no significant rise in durable goods production or exports.

"For some time the economy will undergo a period of respite and consolidation, accompanied by idle productive capacity and labor," he says.

When this period has run its course, the dynamic forces in the economy—particularly the rise in population and living standards, and the technological advances resulting from research—will push economic activity to levels exceeding those of the last boom, he continues.

Analyzing the causes of the recession, Dr. Nadler distinguishes between two sets of forces—basic causes and temporary causes.

Among the basic causes—which cannot be corrected immediately —the economist numbers the slowdown in expansion of productive facilities; the end of the postwar housing boom; the dip in output and sales of autos; and the continuing wage-price spiral.

Capital outlays will continue to decline in 1959; a marked advance in home construction is not likely during the next 18 months; and auto output and sales will not rise materially before the 1960 models appear on the market, Dr. Nadler says.

The squeeze on profit margins and substantial unemployment will temporarily check the wage-price spiral, he adds.

Among the temporary causes of the recession—some of which have already disappeared — Dr. Nadler counts inventory liquidation and the Federal Reserve policy of "tight money."

In a chapter on "Was the Recession Avoidable?", the economist cites the Reserve authorities, the Administration, industry and labor for contributing to the recession's severity.

The Reserve authorities were too slow in reversing the policy of credit restraint in 1957 and the Administration "failed to exercise proper fiscal control during the boom," Dr. Nadler says. Often measures taken by the Administration counteracted the policy of credit restraint pursued by the Reserve authorities he added.

Industry contributed to the recession by overexpansion of plant and equipment beyond foreseeable demand, Dr. Nadler says.

"Expansion was based on the assumption that the economy's postwar rate of growth would continue indefinitely and without interruption," he points out.

As for labor, the economist termed the unions' approach to wage demands as "unrealistic," asserting:

"Union wage demands frequently exceeded those warranted by increased productivity . . . Consequently, the cost of doing business rose substantially, and wherever possible these costs were shifted to the ultimate consumer."

As a result, the wage-price spiral caused many commodities to "price themselves out of the market," he says.

For the long-term, Dr. Nadler predicts a continued expansion of the U. S. economy.

But, he warns, once the economy climbs back to capacity operations, the inflationary pressures will reassert themselves with full force.

"Thus, the foundation will be laid for another recession in the future, perhaps of greater severity than in 1957-1958," he concludes.

13 Cooperative Banks To Sell Debentures

An issue of $97,500,000 of eight-month consolidated collateral trust debentures is being offered today (Sept. 25) by the 13 Banks for Cooperatives through their fiscal agent, John T. Knox, with the assistance of a nationwide group of security dealers. Dated Oct. 7, 1958, and maturing June 1, 1959, the debentures are offered at par and bear interest at 3½% per annum. Interest is payable with the principal at maturity.

These secured debentures are the joint and several obligations of the 13 Banks for Cooperatives. These Federally charted banks operate under the supervision of the Farm Credit Administration.

Proceeds from the sale of this issue will be used to redeem the $77½ million of 2.35% debentures maturing Oct. 7 and for lending operations.

During the year ended June 30, 1958, farmers' marketing, purchasing, and business service cooperatives borrowed $530 million from the Banks For Cooperatives. These Federally chartered banks operate under the supervision of the Farm Credit Administration, an independent Government agency. Although the Government shares in the ownership of the capital stock in these banks with cooperatives that use them, their debentures are not guaranteed by the Government.

Robert Leopold With L. A. Huey & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Robert Leopold has become associated with L. A. Huey Co., U. S. National Bank Building. Mr. Leopold was formerly Vice-President of H. Carroll & Co.

Keenan & Clarey Add

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Henry R. Winkler has been added to the staff of Keenan & Clarey, Inc., Pillsbury Building.

The Welfare State Throughout the World

By WILLIAM ROEPKE*
Institute for International Studies, Geneva, Switzerland

International economist notes universal tendency toward Welfare State's continuous and limitless extension, moving on its own momentum as a powerful machine. Warns of ambitious and influential class of people ever eager to exploit its potentialities toward social demagogy. Depicts it as a main agent of inflation, as via "full employment" policies. Emphasizes need for setting unpassable limits, recognizing guide-posts, and suggests a resistance approach.

Very few among us, if anyone, would be prepared to reject all ideas and institutions more or less closely associated with the term "Welfare State". It is obvious that this attitude contains a particular danger. For once we accept the principle of state coercion (even in the particularly plausible shape of social insurance) for assisting individuals in coping with the vicissitudes of life, where is the limit? The parallel with progressive taxation, where, once the principle is accepted, there is no stopping anywhere, suggests itself in this connection. What, indeed, we observe everywhere is the strong and seemingly irresistible tendency of the Welfare State towards continuous extension. Always new fields of assistance are discovered; always new groups of the population are included in the system, and always larger benefits are granted. Recent experiences in Germany (index pensions and a disastrous extension of the health services) and in Sweden (the demagogic issue of the pension for everyone) offer particularly glaring examples of this tendency.


William Roepke

The modern Welfare State is, indeed, a development moving on its own momentum. In its concept, there is nothing to set a limit to it. At the same time and for the same reasons, it is a one-way street. To extend the Welfare State is not only easy but one of the surest ways for the social demagogue to win votes and influence. But to return on this road is next to impossible even if it is a case where no reasonable person can have any doubts that there are mistakes which have to be corrected. It is all very well now for Lord Beveridge to lament over the evil consequences of the British Welfare State, but he should have thought about them when he was doing his utmost to lay down its foundations in his famous Beveridge Report and in lending his authority to the policy of inflationary "over-full employment". It is hard to imagine, e.g., that, in Great Britain, the National Health Service would have been organized in its present radical shape if people had known or had taken the trouble to ascertain before what the probable consequences would be. But it is equally difficult to see how this adventure could be unmade or even radically corrected today, and so people try to comfort themselves how best they can by persuading themselves that things could be even much worse.

A Powerful Machine

Considering this fact that the Welfare State is a most powerful machine which, first, has no brakes, and, second, has no backward gear, there is one most obvious conclusion which is the first to suggest itself. It is this—that every movement on this road has to be considered with that extreme care and even reluctance with which we would consider a move to lower the minimum voting age or any other irrevocable act in public or private life. When in doubt, don't—that is the very minimum of wisdom on which we should insist.

This homely philosophy is helpful, however, only in connection with some principles which tell us when and where to sense danger. We must find guide-posts which indicate the limit which must not be passed—always provided we do not prefer the courses (to be sure, the safest though neither satisfactory for most of us nor being of the slightest practical use today) of uncompromising denial of any state action in assisting individuals to bear the financial burden of the vicissitudes of life.

The problem, then, is this: granted that state action of this sort is hardly to be avoided and that state-sponsored social services of some kind or another have to be accepted, how to prevent this concession from being used as a justification for the modern Welfare State which, as we are all convinced, is the ruin of a free and prosperous society and of the dignity of the self-responsible individual? What we need are some rules, principles, criteria and distinctions which enable us to resist a current which otherwise will carry us away. That is, in my opinion, the most important and useful task to be accomplished by all those who are equally clear about the basic need of state action in this field and about the disastrous consequences of its excess.

The first point to be mentioned concerns a simple matter of tactics and emphasis. Whether the masses themselves will be always and everywhere in favor of a budding Welfare State is by no means clear, and, considering the experiences in some countries (e.g. in Belgium), it would seem wiser not to be dogmatic about it. There is no doubt, however, that there is a large, ambitious and highly influential class of people who are deeply interested in the Welfare State and its extension, and who are eager to exploit the possibilities of social demagogy to the utmost: left-wing intellectual leaders of public opinion; functionaries of the huge social bureaucracy, both private and public; politicians sailing with the wind of mass emotions and mass opinions, and all those who have an ideological vested interest in everything which seems progressive.

We can, unfortunately, be sure that the combined pressure of this class is so strong in modern mass democracy that an excess of Welfarism is infinitely more likely all the time than the opposite. That is the direction in which the waters are running anyway. That is the line of least political and social resistance which modern nations will tend to follow whatever we do.

In this age of Egalitarianism, of

Continued on page 44

*A paper by Professor Roepke presented at the Annual Meeting of the Mont Pelerin Society, Princeton, New Jersey, Sept. 8-13, 1958.

From Washington Ahead of the News

By CARLISLE BARGERON

Unless I greatly misunderstand the plans, those recently announced by several industries to take a more active part in politics are barking up the wrong tree. I am worried about at least one of them, Dan Kimball's. Dan used to be Secretary of the Navy. He has a big plant out in California and he has announced he has set up, or is setting up, a Republican and Democratic division within it. He is to have a Democratic and Republican chairman. They will hold rallies of their respective adherents, all in the promotion of clean fun and more interest in politics on the part of the employees.


Carlisle Bargeron

The Gulf Oil Co. is another one that has announced plans for more political activity. In the case of Dan Kimball's set-up, no good whatsoever will come out of it. Dan himself is a Democrat, although he says the Republican side will be equally represented.

The fact is that any enlargement of the voting population will hurt the conservative side. It may be that Gulf Oil just intends to be more active as a company without any particular effort to get its own employees to get out and vote.

The work of making them politically conscious is already being ably carried on by the CIO, day in and day out. Any movement by the Republicans to stir them up—to stir up the element of the lower end of the economic pole—will simply add to their grief.

I have always been interested in national organizations to get out the vote regardless of which way that vote went. Just exercise your God-given franchise. Well, whenever there is an outpouring of people at the lower level the demagogue usually wins.

Somehow, there is something distasteful about the term Republican. It seems to suggest snobbery and the Republicans have fully lived up to this description in the past six years. Washington has not been as friendly as it was in the days of Roosevelt and Truman. Everybody was Frank and John, the telephone operators at the White House were included in the social activities. Of course, we had a world war and a Korean war and ran up an appalling national debt along with those amenities. But I can do without the familiarity or the pleasure which it brought.

To the South is the State of Virginia where voting by the hoi poloi is discouraged. For 50 years that state has been run by the gentry, so-called. It is the source of constant attack by the so-called liberals. The Byrd machine—the organization led by Senator Harry F. Byrd—is a perpetual irritant to them. Yet it is one of the best state governments in the country. It is debt free and occasionally turns back money to the taxpayers. It has an excellent system of roads and some of the finest educational institutions in the country.

Of course, I seem to be arguing for a limited democracy. I am not arguing for anything. But there is no doubt in my mind that if only responsible citizens voted we would be much better off. I wouldn't deny any qualified citizen the right to vote, neither would I go around beating the brush to bring out the less responsible ones. It was Roosevelt who extended mass voting. He dug them up from under the rocks. We have only to see where the last 25 years have led us.

It used to be the practice, and still is, to some extent, of the politicians on election day to herd a bunch of Negroes together, giving them a dollar or so and run them through the ballot booths. Now those Negroes have become politically conscious and their votes are not as freely for sale.

Women's suffrage was passed 38 years ago. This was a tremendous increase of the electorate and it was going to purify politics. Have you seen any purification? Go to any national convention and you will see the women carousing up and down the hotel corridors at the wee small hours of the morning just like the men. The women of Switzerland expect to be able to vote soon. I hope they do. They won't hurt anything. They won't improve things either.

In the meantime, when you talk about getting out the vote in this country, make sure you know who you are getting out. Hitler used to get out the vote, 85% of them.

Westheimer & Co. Opens in Chicago

CHICAGO, Ill.—Westheimer & Co., members of the New York Stock Exchange, have taken over the Chicago offices and personnel of Henry Montor Associates. Seymour Fishman, formerly Vice-President and resident manager for Henry Montor Associates, will be manager of the new Westheimer office, which is located at 134 South La Salle Street.


Seymour Fishman

The home office of Westheimer & Co., organized in 1916, in Cincinnati. Other offices are maintained in Athens, Dayton, Hamilton, Hillsboro and Marion, Ohio; in Charleston and Wheeling, West Virginia, and Greensburg, Ind.

THE MARKET . . . AND YOU

By WALLACE STREETE

Heavy overhead resistance showed up in the stock market this week as industrials toyed with their all-time peak, posted last week, but couldn't mount a convincing drive to a clearcut penetration.

* * *

Although the record peak is somewhat new, there already have been a couple of attempts to joust with it, both missing by small margins. Offerings of key shares picked up enough on each approach to the high to stall the list although a few individual stars, notably American Telephone, did sterling work to help the average along.

* * *

In the process Telephone's price tag soared above 193 which was a peak, since it crossed 200 in 1946 after having worked above 196 the year before. Except for a reading of 310 in the 1929 frenzy, these represent historically high levels for this issue.

A Stock Split?

The same old stories of a stock split that have cropped up numerous times in the third of a century that the company has maintained its famous $9 annual dividend were largely responsible, plus a new—and also unofficial—belief that the company might be readying a stock dividend operation to provide, in effect, a dividend increase while still maintaining the nominal $9 rate. The rumors weren't solely responsible since the issue was active enough to indicate that some important buying was going on presumably by well-heeled investors such as trusts and funds.

* * *

Rails were able to outperform the industrials when the senior average was nudging its peak and meeting the heavy supply of stock, but they still have a long way to go for any historic levels. The carrier average was more than a dozen points higher last year, and some three dozen points better in 1956 when it still lagged by around eight points from reaching the 1929 peak.

Neglected Groups

Aircrafts were a neglected group for the most, United Aircraft helping hobble the industrial average. Oils were ragged more times than not. Steels were generally buoyant but had quieted down considerably from their performance a couple of weeks back when they definitely were leaders on market upturns. The case with the chemicals was similar, the big recent play in selected items in the section being well blunted.

* * *

Aluminum issues were able to share the spotlight with other fast-moving items, helped along by tales of wider use of the light metal in future auto production, some of the vague reports of economy models to compete with the foreign imports featuring widespread use of the metal.

Olin's Problems and Prospects

Something of an aluminum issue, or casualty, is Olin Mathieson in the chemicals. One of the major capital expenditures by Olin was to carve out a niche in the aluminum business. This expansion, which bumped into the recession and overproduction for aluminum generally, was held largely responsible for the drop in Olin's earnings that in turn necessitated a halving of its dividend. But where Olin was dimly regarded in advance of its deteriorating earnings prospects, investment opinion seemed to be switching in favor of the issue since most of the bad news is already out or will be shortly.

* * *

None of the fanciers currently eyeing Olin is anticipating any dramatic turnabout in the company's affairs since the results this year will be heavily penalized by write offs of heavy start-up expansion expenses with a $10 million charge from this source to be made against third-quarter results. But the business pickup will certainly benefit its non-aluminum activities and its participation in the drug business through the Squibb division is a highly profitable one. The metal activity isn't expected to contribute anything to profits even next year but, on the other hand, isn't expected to be the drag on the company that is true of this year and could start to contribute to profits in 1960. In any event, as the Street parlance puts it, the issue is well depressed so the downside risk is small.

The Case for Burroughs

What demand there has been for the office machine shares has pretty much been concentrated in International Business Machines and Addressograph, both of which, until the latter's brand new stock split, were in the high-priced section. Burroughs among the low-priced items in the group was more highly regarded than the others but somewhat restrained pricewise since results for this year are not expected to come up to last year's.

Yet Burroughs seems to be making strides and offers a yield that, at recent levels, approached 2¾%, which is a relatively high return when matched against the higher-priced items in its section. The company has been booking computer business at a record level in recent months, has been expanding its work for the military services and adding importantly to its product line. In addition, its international activities have been expanding to the point where more than half of net income last year was contributed by its foreign operations. Price increases on some of its larger products will also help out in giving the company a far better earnings outlook for next year.

Cement Issues Awakening

The long neglected cement shares have started to show some stirring after rather pointedly ignoring the fact that construction activity was one of the bright spots in the economic picture even when the recession looked the worst. Weighing on them was the fact that business expansion plans were being curtailed drastically with that much less demand for cement in industrial construction. Yet some estimates are that public construction was at a level where it accounted for more than half of production, and this activity was increasing with the important help of highway projects.

In specific issues, Marquette Cement has been doing the better work in the market, nudging to new all-time highs. Marquette has been upping its dividend steadily for half a dozen years which is also a pattern followed by General Portland Cement. The latter also showed occasionally on the new highs lists but without much fanfare. Moreover, with the major postwar expansions behind them and increasing earnings in prospect, there is no reason why the small but steady increases cannot continue.

The question in the case of the two is the accounting method finally agreed on by the tax authorities. Penn-Dixie Cement won an intermediate victory to compute depletion on the basis of the higher price of manufactured cement rather than on the value of the raw materials. On the basis of this decision other companies filed for tax refunds and if they are allowed to use the same method it could add $1 per share to the net income of Marquette and General. And the tax refund, if allowed, would mean well over $11 million to Marquette, or some $4.50 a share to bolster its finances.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Far Reaching Changes in Housing and Education

By WILLIAM E. STIRTON*
Vice-President, The University of Michigan
Ann Arbor, Mich.

Michigan University official envisions far reaching changes in housing, education and the labor force, and sees further economic expansion generating, in turn, a new cycle of demand for increased extension of education—with all its concomitant developments similar to what widespread secondary education brought about not too long ago. Mr. Stirton anticipates working class families will be the first to enjoy increased leisure as the economy advances and to seek more education, culture, and homes reflecting the change. He sharply denies increased leisure constitutes a threat to our survival, and points out that industrial and technological changes will pressure people into higher education and training for economic survival. Sees professional classes rapidly expanding and unskilled disappearing, and economic expansion generating more people with superior skills and ability to produce at a greater rate.

In this same half century or so, we find significant changes in the composition of our labor market. At the turn of the century, when our total labor force was about 30 million, eight million of the chronologically eligible young people were in the labor force instead of in school. They constituted more than one-fourth of the existing labor force. However, by 1950 when the total labor force was 60 million, less than six million youth were actually in that labor force. In other words, in the half century or so, the school-age youth declines from over one-fourth of an existing labor force of 30 million to less than one-tenth of a labor force of 60 million. In this same half century, there have been two significant developments in that labor market. First, there has been a steady growth in productivity per capita, and secondly, there has been a steady expansion of the economy in terms of capital investment.

William E. Stirton

As we talk about the labor market, let us look at the nature of the work effort that has been expended in that market over this same half century again, to which I have referred. The induction age for industrial employment has been rising. Remember previous conditions of employment and those that now obtain. Increasingly, it is true that no significant industrial employment is available for any young person under 18 years of age. There is every reason, as we know from practical experience, to expect that this induction age will rise as time goes on. Similarly, the retirement age from industry is going down.

At the turn of the century, there was hardly any established, recognized, accepted or enforced retirement age from industry. Now retirement ages are set by convention and by contract. Over the decade it shall continue to decrease. Therefore, on a horizontal time axis, we have the phenomena of the two limits approaching each other. The induction age into industry is going up, and the retirement age from industry is similarly and concurrently going down. In addition, the work-day is shrinking. This phenomena over the past half century is particularly well known to all of us. There is every indication that the work-day will shrink as years go on, and that the work-week is a similarly shrinking factor.

Seventy hours was the standard work-week of President Grant's day. Even now the 40-hour week is slipping into history. A Labor Department survey of six million workers indicates that 45% of office workers put in fewer than 40 hours per week. Rumors have had the UAW-CIO asking for a 32-hour and perhaps a four-day week at the next negotiations. The United Steelworkers reportedly will ask for a six-hour day two years from now. The International Association of Machinists voted unanimously a year ago to press for a 30-hour schedule, and an estimated 97% of the I. L. G. W. U. toil only 35 hours a week now. Fewer than 40 hours is likewise the rule for most workers in brewing, baking, rubber and publishing.

Shrinking Labor Force

Therefore, the boundary lines of the time rectangle within which we can contribute to society, is a rectangle of shrinking dimensions, of shrinking perimeter and of shrinking area. The induction age going up, the retirement age going down, the work-day shortening, the work-week shortening, define the boundaries of the shrinking rectangle for us within which we must make our contribution to society. This means that within the smaller area we must contribute more intensely. Therefore, we must know how to contribute more intensely, and this requires education. This, incidently, will be true of the workers in the industry of the home builders. But I am particularly concerned at this time that you note not only the general characteristics of the worker of the future, but know the increase of external areas which have been produced by this shrinking rectangle concept.

I am particularly conscious of the fact that the retirement age from industry the shrinking work-day, the shrinking work-week, all have worked together to produce a great area outside the rectangle where men and women have far more free time. In addition, the combined forces of medicine, of pharmacy, of nursing and public health, have worked together to increasingly insure longer and healthier life for everyone. I should like to refer back to this area outside the rectangle very shortly. This is a time area that is of tremendous importance to home builders.

Education Aids Productivity

For the moment, however, let us take the shrinking rectangle concept back to the secondary school enrollment picture. We have agreed that over the past half century, the secondary school enrollment has increased from

Continued on page 41

*From a talk by Mr. Stirton before the Home Builders' Association, Mackinac Island.

NSTA Notes

NEW ORLEANS SECURITY TRADERS ASSOCIATION

Robert P. Howard

Thos. J. Feibleman

The New Orleans Security Traders Association has elected the following officers for 1958-1959:

President: Robert P. Howard, Howard, Weil, Labouisse, Friedrichs & Co.

Vice-President: T. Jeff Feibleman, T. J. Feibleman & Co.

Secretary-Treasurer: Donald M. Willem, E. F. Hutton & Company.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

James B. McFarland of Stroud & Company, Inc. was elected President of The Investment Traders Association of Philadelphia at the Annual Meeting on Wednesday night, Sept. 17, at the Warwick Hotel. Rubin Hardy of The First Boston Corp. and

James B. McFarland

Rubin Hardy

Willard F. Rice

John Edward Knob

[illegible]

Willard F. Rice of Eastman Dillon, Union Securities were elected First and Second Vice-Presidents respectively.

John E. Knob of Drexel & Company was named Secretary.

Jack Christian of Janney, Dulles & Battles, Inc. became Treasurer.

The following were elected Directors: James J. McAtee, Butcher & Sherrerd; Samuel M. Kennedy, Yarnall, Biddle & Co.; Herbert E. Beattie, Jr., H. A. Riecke & Co., Inc.; John M. Hudson, Thayer, Baker & Co.; Stanley W. Jeffries, Newburger & Co.; William R. Radetzky, New York Hanseatic Corporation; Harry F. Green, Jr., Merrill Lynch, Pierce, Fenner & Smith.

William Z. Suplee of Suplee, Yeatman, Mosley Co., Inc. was elected Trustee of The Gratuity Fund.

Two With Lee Higginson

(Special to The Financial Chronicle)

CHICAGO, Ill.—William J. A. Dreyer and Robert J. Eft are now connected with Lee Higginson Corporation, 231 South La Salle Street. Mr. Eft was formerly with the American National Bank & Trust Co.

Now With Draper Sears

(Special to The Financial Chronicle)

BOSTON, Mass. — Thomas J. McAuliffe has joined the staff of Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges. Mr. McAuliffe was previously with Goodbody & Co.

Charles H. Gilman Adds

(Special to The Financial Chronicle)

PORTLAND, Me. — Charles H. Woolley has been added to the staff of Charles H. Gilman and Company, 186 Middle Street.

Joins H. M. Payson

(Special to The Financial Chronicle)

PORTLAND, Me. — John K. Pierce is with H. M. Payson & Co., 93 Exchange Street, members of the Boston Stock Exchange.

Joins Thomson McKinnon

(Special to The Financial Chronicle)

CHICAGO, Ill.—Michael Burnstine has become affiliated with Thomson & McKinnon, 231 South La Salle Street.

Hirsch Adds to Staff

(Special to The Financial Chronicle)

PALM BEACH, Fla.—Dorothy C. Dusky has been added to the staff of Hirsch & Co., 288 South County Road.

With Merrill Lynch

(Special to The Financial Chronicle)

ST. PETERSBURG, Fla.—Joseph K. Ambrose is now with Merrill Lynch, Pierce, Fenner & Smith, 568 Central Avenue.

The Law of Supply and Demand And the Soviet Economic Challenge

By ROGER W. BABSON

Well known financial writer finds it a pity that the law of supply and demand is not honestly and frankly explained by our political leaders. After explaining the principle involved, and the ups and downs of the business cycle, and what individuals, businessmen and farmers should do to obtain full value from these fluctuations, Mr. Babson then turns to U. S. S. R. economic challenge and recommends we temporarily ignore the law of supply and demand as a defensive measure to meet Russian export competition.

Government decisions, including those determining Federal and local taxes, will now affect our businesses and personal lives more than ever before. To prosper in business, we must know what our government is doing on all affairs. We must also heed the Law of Supply and Demand. Our politicians refuse to tell the voters the truth about this law.

Roger W. Babson

Goods are plentiful today, for the most part. Now that the shortages of war and its aftermath are gone, few people stop to think much about commodities and the Law of Supply and Demand. Many who invest sizable sums in securities—sometimes nearly all their life's savings—will buy stocks in companies about which they know little.

When I buy stocks, I like to know something about the goods or services which the company makes or sells; to find out what raw materials it uses, and how plentiful or scarce, these are. Knowledge of such conditions, upon which your investments depend, will help you when buying or selling a business, when seeking new employment, and especially when making investment decisions.

Depressions Are Natural

The Law of Supply and Demand shows that there is nothing unnatural about depressions. Those who prepare for both depressions and booms by keeping out of debt and working harder and better will have little to fear. The present recession should be a healthy development. It permits us to digest the excesses of the last boom.

During a recession period merchants should increase their advertising. At the same time, they should attend more strictly to business by reducing inventories and liquidating debt. Manufacturers should recognize that recessions call for a thorough reorganization of their employment and manufacturing to bring them into closer harmony with prevailing supply-demand conditions. Agriculture should keep in mind that freezes and drought also are natural and should prepare for them. There is no sense in thinking that the economy will ever remain stationary for very long.

Watch Developments Abroad

Recent cuts in the price of aluminum were originated by Canadian producers to offset increasing competition from Russia. Reliable reports indicate that we may expect further changes in domestic supply-demand ratios in key commodities due to Russia's rapid industrial progress. If this increase persists, Russia will eventually be supplying large quantities of coal and oil to all Europe. Naturally, this could lead to weaker price trends in the U. S. and—for oil—in the Middle East. We, therefore, may be forced now to temporarily ignore the Law of Supply and Demand, as a defensive move, and charge certain uneconomic legislation to defense, along with our cost of missiles and other shooting devices.

Russia does not now possess anything like our standard of living. But she does possess vast resources, excellent scientists, and a dedicated, disciplined determination to make best use of these resources and talents to advance her political aims. As she pursues her foreign trade program, changes in individual supply-demand relationships will occur. Some of these will have far-reaching effects upon our entire economy and upon specific American businesses. Think what has recently happened to copper, lead, zinc, wool, and certain other products.

Money and Labor Markets

Few people fully understand our money system or the precise significance of labor in our economy. Banks make their money only by lending cash. Wage earners secure their employment according as their services can be used advantageously by business. The ups and downs of these money and labor markets should be governed by this Law of Supply and Demand.

Depressions are usually merely periods when demand, in the aggregate, has fallen off. At such times bargains are available and the bases of new fortunes are made. Truly the Law of Supply and Demand is as fundamental as gravitation. What a pity it is not honestly and frankly explained by our political leaders.

R. S. Dickson Adds

(Special to The Financial Chronicle)

ATLANTA, Ga.—Sovern J. Larkins is now with R. S. Dickson & Co., Inc., Grant Building. He was formerly with Mid-South Securities Co.

With Woolrych & Currier

(Special to The Financial Chronicle)

SAN DIEGO, Calif. — John D. MacLachlan, Jr. has become connected with Woolrych & Currier, 233 A Street. He was formerly with J. A. Overton & Co.

RESURGENT CANADA

Continued from first page

of West Canada oil exports to the U. S. And, finally, there was the psychological dead center, which curtailed optimism and pretty much removed the zeal and zest from the security markets.

Initial Evidence of Upturn

Now it's hard to say just at what point the Canadian turnabout took place—the explosion on July first that opened up the 35-mile lake for the second largest (ultimately) hydroelectric development in North America as part of the St. Lawrence Seaway project; the visit of President Eisenhower at the home of Prime Minister Diefenbaker, the turnabout in world copper prices, or the bold deployment of British and American troops in the Middle East.

If we can't decide on a specific cause, we can, quite accurately, pin-point the time of what we shall call a return to the upsurge in Canada. We would set it during the first week of July, when 14,800,000 shares (an all-time high) traded on the Toronto Exchange in a single day, and, in particular, when an exciting newcomer in copper, New Hosco, zoomed spectacularly from 17 cents to past $7 a share, within two weeks. This market exuberance simply could not have existed even two or three months earlier. It documents, we feel, a sharp turnabout in the Canadian economy and points toward grand new long-term altitudes in economic attainments.

Resumption of Postwar Progress

This resurgent trend, which we now perceive, is actually a resumption of postwar progress after a really quite brief period of adjustment and assimilation. At the war's end in particular, two major corrections were necessary to advance Canada's position toward major industrial status—dependence on imported crude oil and imported iron ore had to be eliminated.

The story of the oil buildup is now well known—major strikes of oil and gas in Alberta, Saskatchewan and British Columbia, and the construction of a vast network of pipelines to flow these vital fuels toward centers of population and industry. Today, Canada supplies around 48% of her oil requirements and is moving steadily towards ultimate self sufficiency in this sector.

Fabulous Ore Supply

Despite all the advances scored by other metals, iron is still the most basic raw metal of our industrial civilization. To develop and sustain iron and steel production, two essential ingredients must be at hand, or accessible — iron ore and coking coal. Canada has both. In ore supply, the Canadian potential, particularly by virtue of exploration and development of the last five years, is now enormous. The Wabana deposits in Newfoundland have been estimated above three billion tons, the known reserves of Iron Ore Company of Canada, above 600 million tons; and Steep Rock has geologic formations indicating an ore body 2,000 feet in depth with reserves which have been projected at the remarkable rate of 300,000 tons per foot.

Thus, from areas now well explored and developed, we see a fabulous ore supply without any reference to the enormous possibilities for production from lower grade ore bodies in a zone running southeast from Ungava Bay to Wabash Lake. Add to this vast store the advantage of all water transport created by the St. Lawrence Seaway (for deliveries into the U.S.) which may reduce existing rail and water rates from Seven Islands by $2 or more a ton.

With high grade ores of the Lake Superior district in the United States running out, the vast ore stores of Canada augur well both for the future of the domestic steel industry and for export. By 1980 Canada should be able comfortably to supply 13 million tons a year for home needs, 50 million for U. S. consumption, and 15 million for Europe.

In oil, Canada is pushing steadily ahead and, to repeat, now supplies from its domestic crude production about 48% of its needs; and this percentage is, of course, moving up each year.

Vast Panorama of Metals

In the vast panorama of metals produced in the Canadian Shield—lead, zinc and copper have had tough going. Recently, however, the situation has brightened due to some rise in the world copper price and the exciting new strikes in the Mattagami area already referred to.

International Nickel, which supplies 80% of that metal used in the United States, should earn its dividend in 1958 and show an advancing earnings trend, particularly in the later months.

Of course, in uranium Canada has turned in a magnificent performance and its increasing deliveries of fissionable materials have represented not only a vital bulwark of defense for the free world, but have done much to keep up the total of Canadian exports during 1958.

Gold has looked stronger in 1958 than for many years. New strikes at Red Lake were perhaps the most significant from a geological viewpoint; and the general strength in the gold share market, extending over many months, would indicate some basis for hopes for a higher gold price some of these days.

Huge Increase in Construction Awards

Perhaps the brightest single statistic in the Canadian economy is found in the construction industry. Here the dollar value of contract awards for the half of 1958 was $1,683,261,700, 4% higher than the best year on record, 1956, and a fat 20% over 1957. A decline in industrial and engineering construction has been more than offset by business and residential construction sponsored, in a number of instances, by the government or the individual provinces.

A second major industrial index further brightens the 1958 Canadian picture. Exports moved up 2.2% for the first six months to $2,338,-300,000 with larger sales of uranium, wheat and cattle offsetting losses in petroleum, aluminum, base metals and newsprint.

Government's Refinancing Program

Fiscally, Canada has moved quite perceptibly into a program involving unbalanced budgets, with interest rates on the rise. This fact is best documented by the offer, in July, to refinance the Victory bond section of the national debt ($6,250,000,000 in principal amount) by conversion into 25-year 4½% coupon bonds. This created a yield on long-term governments more than ½% higher than obtainable on such securities in recent years.

In finance, the life insurance companies continue to give an excellent account of themselves, with Canadian life insurance in force now at an all-time high, and a considerable market rise in life insurance shares in the past year prompted by the decisions and plans of a number of companies to mutualize by buying in their own capital shares.

Excellent Bank Earnings

There was a modest decline in consumer and instalment financing totals for the first half of this year. The commercial banks, however, which honeycomb Canada with hundreds and hundreds of branch offices, continue to report excellent earnings. Their shares have attained a steadily broader distribution among Canadian investors due to split-ups which have brought them into more attractive price ranges, and to the exceeding dependable cash dividends, and increases therein, in recent years.

Transportation in Canada this year has, of course, been marked by the great progress toward completion of the St. Lawrence Waterway, the building of the huge eastbound gas pipeline, completion of hundreds of miles of new highway, and the maiden voyage of the "Empress of England," the Canadian Pacific's definition of sybaritic luxury asea.

Clearer Road Ahead

So we conclude that while the recession was braking the economy in Canada for many months, there is now a clearer road ahead. Canadian population, now 17 million, is rising 3% a year, its Gross National Product is in the order of $31½ billion against only $6.8 billion in 1940. The inflationary trend throughout the world, and the rising long-term demands for uranium, aluminum, timber, newsprint, asbestos, copper and petroleum, which Canada produces in such profusion, all tend to stifle a bearish viewpoint about the future of Canada.

More important, however, than trends revealed by statistical method is the psychological resurgence evident in the Canadian business community and the renewed optimism you sense in conversation with Canadian businessmen, bankers, brokers and engineers. So we look confidently forward to new achievement in Canadian material welfare, stemming from a buoyancy of spirit, huge natural resources, a sound currency, broad security markets and active Stock Exchanges, and a banking system of magnificent solvency, breadth, flexibility and profitability.

Long-Term Cash Dividend Payers

We expect Canada to continue to be, by far, the most desirable terrain for U. S. investment abroad; and we salute the new direction of corporate financing permitting broadened Canadian ownership in shares of Canadian affiliates of U. S. corporations. Finally, we urge upon investors, everywhere, to examine the list which follows of Canadian companies, distinguished by the fact that, for variously from 5 to 130 years, they have distributed, uninterruptedly, cash dividends to their shareholders.

TABLE I

LISTED CANADIAN *Common Stocks*

On Which CONSECUTIVE CASH DIVIDENDS Have Been Paid From

10 to 130 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958 —Canadian $ §—	Quotation June 30, 1958♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to June 30, 1958
Abitibi Power & Paper Co., Ltd. (Newsprint and allied products)	10	1.70	28⅝	5.9
Agnew-Surpass Shoe Stores, Ltd. (Makes and distributes shoes through retail chain)	25	0.50	11⅛	4.5
Aluminium Ltd. new (Largest producer of aluminum ingot in the world)	20	*0.85	25½	3.3
Andian National Corp., Ltd. (Operates oil pipe line in Colombia, S. A.)	15	*0.35	5	7.0
Anglo-Canadian Pulp and Paper Mills, Ltd. (Newsprint and allied products)	13	2.00	26	7.7
Anglo-Huronian Ltd. (Holding & operating co.—chiefly interests in Can. gold mining)	19	0.50	13	3.8
Anglo-Newfoundland Development Co., Ltd. "Ord." (Newsprint and allied products; also mining interests)	14	0.375	6¼	6.0
Argus Corp., Ltd. (Investment co.—manufacturing & merchandising interests)	12	0.80	20½	3.9
Asbestos Corp., Ltd. (Mining & milling of asbestos fibre)	21	1.75	28½	6.1
Ashdown Hardware Co., Ltd., J. H., "B" (Large wholesale and retail business in general hardware)	21	0.72	10¼	7.0
Aunor Gold Mines Ltd. (Ontario gold producer)	18	0.16	2.50	6.4
Auto Electric Service Co. Ltd. (Service distributors of automotive electrical carburetors & auxiliary equipment)	12	1.00	16	6.3
BANK OF MONTREAL (Operates 753 branches and agencies throughout the world) ● See Bank's advertisement on page 22.	**130**	**1.60**	**46**	**3.5**
BANK OF NOVA SCOTIA (offices throughout the world Operates 550 branches and sub-) ● See Bank's advertisement on page 23.	**126**	**2.10**	**61⅛**	**3.4**
Banque Canadienne Nationale (Operates 587 branches in Canada)	77	1.60	42¼	3.8
Barber-Ellis of Canada, Ltd (Stationery and printers' supplies)	28	4.50	‡	‡
Bathurst Power & Paper Co., Ltd. "B" (Boxboards, corrugating materials, etc.)	10	1.00	19½	5.1
Beaver Lumber Co. Ltd. (Lumber & building supply retailer, 274 branches in Canada)	15	1.00	27	3.7
Belding-Corticelli Ltd. (Makes nylon, silk and rayon threads for all purposes)	36	0.15	9	1.7

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
‡ Inactive issue. No Exchange trading

Continued on page 20

Continuing Liberalization of Dollar Import Restrictions

By SIR DAVID ECCLES*

President of the British Board of Trade

Sir David announces four further steps Britain will take in reducing restrictions against dollar imports. He also makes clear scope of longer range plans commencing next year. Adds, however, the reminder that the extent of trade-liberalization will depend upon whether world trade is expanding and inflation loosens its hold.

Our policy in this matter of import restrictions has been consistent. It is true that in view of our balance of payments position we have had to maintain some restrictions on imports, mainly from the dollar area. But, as the Chancellor of the Exchequer said in his opening statement, we have moved forward steadily towards the goals of non-discrimination and convertibility. And it remains our firm policy to remove discrimination entirely as our circumstances permit.

Our record will speak for itself.

In the years immediately following 1952 we freed from import control the major raw materials and basic foodstuffs.

In 1956 we removed controls on paper, pulp and board, and made a very substantial increase in the quota for newsprint.

By 1957, 62% of our dollar imports were free of all restriction.

A year ago—and notwithstanding our difficulties at that time—we freed almost all remaining raw materials.

Earlier this year we gave a substantially increased quota for canned salmon, abolished the discrimination against the dollar area in our import licensing arrangements for apples, and gave extended quotas for other dollar fruit.

In July we made a further major step forward by removing completely import controls on all chemicals.

A decision on the pace at which the United Kingdom can move in this field must remain our responsibility and what we are able to do must depend on the circumstances from time to time, some of which are not under our control. It will be agreed that when a relaxation is made, we must feel confident of being able to maintain it. Therefore, we cannot enter into any fixed timetable.

*From a talk by Sir Eccles before the Commonwealth Trade and Economic Conference, Montreal, Canada, Sept. 17, 1958.

Enunciates Four Policy Aims

But I am glad to say that we now see our way to taking a further significant step forward. We have decided to take action under four heads:

(A) We propose to make almost a clean sweep of the controls on dollar imports of industrial, agricultural and office machinery. Only a limited range of comparatively specialized machinery will remain subject to control.

(B) Canned salmon will be wholly freed from import control with the exception of salmon from the Soviet bloc.

(C) We shall formerly free newsprint from control.

(D) Colonial Governments are being invited to make relaxations of their restrictions on a wide range of dollar goods.

This we are doing at once, and then we shall have reached the stage when almost all materials, basic foodstuffs and "tools of trade" will be free.

The next move will be to make a start in freeing our imports of consumer goods and the remaining foodstuffs. Exactly what we shall be able to do and when will depend on certain well known conditions. I have in mind the need to be sure both that world trade is expanding and that we are free from inflation at home.

But broadly speaking this is what we would propose to do. All being well we hope to make a start next year. First, we should remove the controls on as wide a range of consumer goods and foodstuffs as we could. Secondly, we should establish, or increase, quotas for items where, in our judgment, the cost of total liberalization might be greater than we could afford at that time. The next stage would be progressively to increase these quotas until the items were completely free. Thirdly, there would remain a limited number of items presenting special difficulties. Each of these would be considered over a period of time on its merits.

Arnold Bernhard Will Lecture at C. C. N. Y.

The first in a series of four weekly public lectures on "The Evaluation of a Common Stock" by Arnold Bernhard, research director and editor of The Value Line Investment Survey, will be held tonight (Sept. 25) at City College's Baruch School of Business, 17 Lexington Avenue at 6:50 p.m. in room 4 South.

Mr. Bernhard's lectures are part of an admission-free series on "Current Business and Economic Problems" sponsored by the City College Fund.

Chiles-Schutz Adds

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — William W. Radcliffe is now associated with Chiles-Schutz Company, Farm Credit Building, members of the Midwest Stock Exchange. He was formerly with Cruttenden & Co. and the First Trust Company of Lincoln.

Reynolds Correspondent

Reynolds & Co., members of the New York Stock Exchange, have announced that Russ & Company, Incorporated of San Antonio, also members of the New York Stock Exchange, has become their correspondent.

Continued from page 19

RESURGENT CANADA

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958	Quotation June 30, 1958♦	Approx. % Yield Based on Paymts. to June 30, 1958
		—Canadian $ §—		
Bell Telephone Co. of Canada Most important telephone system in Ontario and Quebec	78	2.00	41⅜	4.8
Belleterre Quebec Mines, Ltd. Quebec gold producer	14	0.10	1.65	6.1
Biltmore Hats Ltd. Men's fur felt and wool felt hats	25	0.40	b6¼	6.4
Brazilian Traction, Light and Power Co., Ltd. "Ord." Diverse utility interests in Brazil	18	†0.03	6⅜	0.5
British American Bank Note Co. Ltd. Makes bank notes, bonds, revenue stamps, and similar items	24	2.05	37	5.5
British American Oil Co. Ltd. Petroleum production, refining, distribution	49	1.00	41	2.4
British Columbia Forest Products Ltd. One of the largest producers of timber products in Canada	11	0.33	10⅛	3.3
British Columbia Power Corp. Ltd. Holding co., controlling B. C. Electric Co. Ltd.	41	1.40	40¼	3.5
British Columbia Telephone Co. "Ord." Second largest privately owned telephone system in Canada	43	2.00	40⅝	4.9

Listed Companies Which Have Paid Consecutive Cash Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 32

Brock (Stanley) Ltd. "B" Laundry supplies, hardware, plumbing supplies, etc.	13	0.40	b6½	6.2
Building Products Ltd. Asphalt roofing, flooring and insulation	32	1.80	41	4.4
Bulolo Gold Dredging, Ltd. Operates a gold dredging project in New Guinea	11	0.50	3.75	13.3
Burlington Steel Co. Ltd. new Steel rolling mill & related oper.	22	0.80	12½	6.4
Burns & Co. Ltd. Meat, lards, butter, poultry products, etc.	12	0.70	13¾	5.1
Calgary & Edmonton Corp., Ltd. Leases oil and gas drilling rights in Alberta	22	0.10	25¼	0.4
Canada & Dominion Sugar Co., Ltd. Cane and beet sugar refining	28	1.20	24	5.0
Canada Bread Co., Ltd. Bread and cake wholesaler and retailer	15	0.10	3.35	3.0
Canada Flooring Co. Ltd. "B" Specializes in manufacture of hardwood flooring of all kinds	10	1.00	13½	7.5
Canada Foils, Ltd. Oldest and largest foil converting plant in Canada	10	0.70	b16	4.4

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

RESURGENT CANADA

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958 —Canadian $ §—	Quotation June 30, 1958♦	Approx. % Yield Based on Paymts. to June 30, 1958
Canada Iron Foundries, Ltd. Holding and operating company—machinery & equipment interests	14	1.50	28¾	5.2
Canada Life Assur. Co. One of the largest Canadian companies underwriting life, accident and sickness insurance	104	4.60	184	2.5
Canada Malting Co., Ltd. Malt for the brewing & distilling industries	31	2.00	59½	3.4
Canada Packers Ltd. "B" Full line of packinghouse prods.	24	1.75	42	4.2
Canada Permanent Mortgage Corp. Lends on first mortgage security, issues debentures, accepts deposits	103	3.70	92	4.0
Canada Steamship Lines, Ltd. Freight and passenger vessels: other diverse interests include hotels	16	1.20	39	3.1
Canada Vinegars Ltd. Vinegar and apple products	34	1.25	b23¾	5.3
Canada Wire and Cable Co. Ltd. "B" Copper and steel wires and ropes	20	0.80	13	6.2
Canadian Bank of Commerce Operates 793 branches throughout the world	91	1.60	49¼	3.2
Canadian Breweries Ltd. Holding co.—brewing and grain milling interests	14	1.50	31	4.8
Canadian Bronze Co., Ltd. Holding co. — subsidiaries make bronze bearings, bushings and castings	31	2.00	b23	8.7
Canadian Celanese Ltd. Synthetic yarns and fabrics	23	0.95	14	6.8
Canadian Fairbanks Morse Co., Ltd. Exclusive sales agents for Fairbanks, Morse & Co. of Chicago	21	1.20	16½	7.3
Canadian Gen. Elec. Co., Ltd. Exclusive manufacturing & selling rights of General Electric products in Canada	29	12.00	b650	1.8
Canadian Gen. Invest. Ltd. Management type invest. trust	30	1.35	27½	4.9
Canadian Industries Ltd. Chemicals and allied products	32	0.50	17¼	2.9
Canadian Ingersoll-Rand Ltd. Manufactures compressors, pneumatic tools, pulp and paper	29	3.00	b41¼	7.3
Canadian Oil Cos., Ltd. Petroleum refining & distribution	33	0.80	28¼	2.8
Can. Pac. Ry. Co. "Ord." "The" private railway system of Canada	15	1.50	26⅞	5.6
Canadian Tire Corp., Ltd. Automotive accessories, parts, etc.	15	0.70	b108½	0.6

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
b Bid.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958 —Canadian $ §—	Quotation June 30, 1958♦	Approx. % Yield Based on Paymts. to June 30, 1958
Canadian Westinghouse Co., Ltd. Airbrakes and large variety of electrical apparatus	13	1.00	48½	2.1
Celanese Corp. of America Yarns and fabrics	20	*1.00	‡	‡
Central Canada Invest. Ltd. Investment co. — large insurance interests	15	1.00	b32	3.1
Chartered Trust Co. General fiduciary business	24	1.40	b53	2.6
Chateau-Gai Wines Ltd. Wines and juices	14	1.00	b17¼	5.8
Cochenour Willans Gold Mines Ltd. Gold producer N. W. Ontario	11	0.10	2.65	3.8
Coghlin, B. J. & Co. Ltd. Manufacturer of railway and heavy industry equipment	14	1.00	13¾	7.3
Collingwood Terminals, Ltd. Operates a 2 million bushel grain elevator in Collingwood, Ontario	17	1.00	b15	6.7
Commoil Ltd. Oil properties in Western Canada, also holding company	21	0.10	1.75	5.7
Conduits National Co., Ltd. Rigid eltctrical conduits, elbows, couplings, etc.	22	0.75	8½	8.8
Confederation Life Assoc. Wide range of endowment and life policies	35	2.00	158⅞	1.3
Consolidated Mining & Smelting Co. of Can. Ltd. Lead, zinc, silver, chemical fertilizers, etc.	26	1.35	19⅜	7.0
Consol. Paper Corp., Ltd. Owns five mills; daily newsprint capacity 2,479 tons	13	2.00	34	5.9
Consumers' Gas Co. of Toronto Manufactures and distributes gas in the Toronto area	111	0.80	30⅞	2.6
Consumers Glass Co., Ltd. Wide variety of glass containers	23	1.50	29¼	5.1
Corby (H.) Distillery Ltd. v.t. Holding and operating co. — alcohol and spirits	22	1.10	17½	6.3
Cosmos Imperial Mills Ltd. Manufactures heavier grades of cotton duck	24	0.80	b10½	7.6
Crain, R. L. Ltd. Manufactures & sells continuous business forms	13	1.00	29	3.4
Crown Cork & Seal Co., Ltd. Bottle caps for the beverage industry	30	2.00	48	4.2
Crown Trust Co. General fiduciary business	59	0.60	b23	2.6
Crow's Nest Pass Coal Co., Ltd. Coal producer on western slope of Canadian Rockies	41	0.60	b15⅞	3.8

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
‡ Inactive issue. No Exchange trading.
b Bid.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958 —Canadian $ §—	Quotation June 30, 1958♦	Approx. % Yield Based on Paymts. to June 30, 1958
Distillers Corp.-Seagrams Ltd. A holding co—interests include a complete line of whiskies and gins	22	1.70	28	6.1
Dome Mines Ltd. Ontario gold producer	39	0.70	15½	4.5
Dominion and Anglo Investment Corp., Ltd. Investment holding company	19	16.00	b410	3.9
Dominion Bridge Co., Ltd. Bridges, cranes and structural steel of all kinds	46	0.95	23½	4.0
Dominion Engineering Wks., Ltd. Wide variety of machines and equipment	17	1.00	19	5.3
Dominion Fabrics, Ltd. Towels, tapestries, draperies, etc.	32	0.60	b9⅝	6.2
Dominion Foundries & Steel Ltd. Makes wide variety of primary steel products	22	1.00	29⅞	3.3
Dominion Glass Co., Ltd. Wide variety of glassware	41	2.60	b74	3.5
Dominion Insurance Corp. Operates company for fire insurance, etc.	15	8.00	b166	4.8
Dominion Oilcloth and Linoleum Co., Ltd. Wide range of linoleum and oilcloth products	72	2.30	b34	6.8
Dominion Steel & Coal Corp., Ltd. A holding co.—coal, iron & steel interests	13	1.00	21¼	4.7
Dominion Stores Ltd. Operates grocery and meat chain	17	1.25	64¾	1.9
Dominion Tar & Chemical Co., Ltd. Distiller of coal tar & producer of its derivatives	13	0.50	12⅛	4.1
Dominion Textile Co., Ltd. Wide range of cotton yarns and fabrics	47	0.60	b8⅝	7.0
Donohue Brothers Ltd. Owns and operates a paper mill at Clermont, Quebec	13	0.75	13	5.8
Easy Washing Machine Co., Ltd. Electric washing machines, floor polishers, air circulators, etc.	15	0.50	b8⅛	6.2
Economic Invest't Trust Ltd. General investment trust business	32	1.70	b32½	5.2
Electrolux Corp. "Electrolux" vacuum cleaners, & air purifiers	15	*1.00	11¾	8.5
Equitable Life Insurance Co. of Canada Wide line of life and endowment policies	20	0.90	b53¼	1.7

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

Continued on page 22

Canadian Pulp and Paper Prospects

Analysis of short- and long-run prospects for both Canadian pulp and paper industry concludes growth in immediate years ahead will be somewhat slower but that over the long-term the past natural advantages should continue to operate.

A very favorable long-term outlook has been forecast for Canada's pulp and paper industry in recent studies by the Gordon Commission, says the current issue of "The Bank of Nova Scotia Monthly Review." However, after years in which the main concern of the industry has been to increase supplies to meet the growth in demand, the industry in the past year and a half has entered a period of much more competitive markets and excess capacity. And in looking to the years immediately ahead it may well be that growth in the Canadian industry will be somewhat slower.

The pulp and paper industry has for many years, of course, been one of Canada's major industries, its development soundly based on the forest and water resources of the country. In the postwar years, growth in this industry, along with other major resource developments, has provided a key stimulus to the striking expansion which has occurred throughout the Canadian economy. Between 1946 and the present Canadian newsprint capacity has been increased by well over 50% and the capacity for making chemical pulp has more than doubled.

Dependent on U. S. A. Demand

Although domestic and overseas markets have been of importance, the large-scale development of the industry has depended basically on the expanding demand in the United States, notes the "Review." For many years the Canadian industry has provided a major share of all the newsprint used in the United States. More recently it has provided an important, though relatively much smaller, share of the wood pulp. The present structure of the Canadian industry has been affected as well by tariff barriers which have generally effectively prevented the export of other paper products. These products are manufactured in wide variety in Canada but are limited mainly to the domestic market.

A sudden sharp upswing in demand in 1955 in all principal markets, set in motion a pronounced wave of expansion in the industry. Since it takes time for new capacity to be brought into operation, capacity in both newsprint and pulp in 1957 and 1958 has been increasing, at a time when demand for both products has fallen off a little. Although the downturn in demand has been moderate, and will undoubtedly be reversed if the current pickup in U. S. business persists, users' inventories of pulp and newsprint remain relatively high and further new capacity has been completed during recent months.

The "Review" points out that the years immediately ahead additions to capacity will almost certainly be on a reduced scale. On the demand side too, a number of factors point to less vigorous expansion. To a large extent the prospects for Canadian producers of newsprint and pulp depend on developments in the U. S. economy. Although business activity there has recently been improving the degree of strength in the recovery is far from certain. In overseas countries, moreover, there has recently been a perceptible slowing-down in the rate of growth. At the same time, there has been a trend toward greater self-sufficiency in pulp and paper products. New capacity is continuing to come into operation both in net importing countries and in the Scandinavian exporting countries.

Over the Long-Term

Over the long-term, however, the "Review" continues many of the natural advantages that have favored the development of the Canadian industry in the past should continue to operate. For newsprint it may be that the U. S. market will become relatively less important. U. S. consumption will continue to grow but quite probably at a slower rate and further increases in U. S. domestic output seem likely to slow down the growth in imports from Canada. In overseas markets, on the other hand, provided that currency restrictions do not prevent it, demand for newsprint may well show a very rapid growth, with various factors favoring growth in Canadian production and exports.

In pulp it seems certain that world demand will show a continued marked expansion. Both the United States and overseas countries may be expected to continue supplying the major part of their own pulp requirements. Nevertheless the Canadian industry will undoubtedly share to a considerable degree in the worldwide growth of demand.

Frank T. Betz, Jr. to Be Robinson Officer

PHILADELPHIA, Pa. — Frank T. Betz, Jr. will become associated with Robinson Co., Inc., 42 South 15th Street, members of the New York and Philadelphia Stock Exchanges, on Oct. 2. Mr. Betz has been with Delaware Distributors, Inc. as Vice-President and director of sales.

Frank T. Betz, Jr.

J. J. Walsh, With Cruttenden, Podesta

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John J. Walsh, Jr. has become associated with Cruttenden, Podesta & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Walsh was formerly an officer of Mullaney, Wells & Co.

Continued from page 21

RESURGENT CANADA

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958 —Canadian $ §	Quotation June 30, 1958♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to June 30, 1958
Falconbridge Nickel Mines, Ltd. Nickel, copper, cobalt; subsidiary produces steel castings	26	1.20	24½	4.9
Famous Players Canadian Corp., Ltd. Largest operator of motion picture theatres in Canada	24	1.50	17⅞	8.4
Fanny Farmer Candy Shops, Inc. Operates large candy chain	31	*1.25	b16¼	7.7
Federal Fire Insurance Co. of Canada Sells fire, rain insurance, etc.	16	3.00	a45	6.7
Ford Motor Co. of Canada, Ltd. "B" Automotive manufacturer	26	5.00	85½	5.8
Foundation Co. of Canada Ltd. Engineers & general contractors	19	1.00	12¾	7.8
Fraser Companies, Ltd. Wide variety paper and lumber products; synthetic yarns and fabrics	15	1.50	25½	5.9
A. J. Freiman, Ltd. Owns & operates largest department store in Ottawa	13	1.25	12½	10.0
Gatineau Power Co. Hydro-electric energy in Eastern Canada	21	1.50	34	4.4
General Petroleums of Canada Ltd. "Ord." & Class "A" Oil well drilling contractors	10	0.20	b3.60	5.6
General Steel Wares Ltd. Household utensils; hotel, restaurant, and hospital equipment; refrigerators, etc.	18	0.40	7½	5.3
Goodyear Tire & Rubber Co. of Canada, Ltd. Natural and synthetic rubber products	32	6.00	150	4.0
Gordon Mackay Stores Ltd. "B" Manages subsidiaries which distribute textile products and allied goods	34	0.50	b6	8.3
Grand & Toy Ltd. Manufactures commercial & general stationery & business forms and distributes office supplies & furniture throughout Ontario	15	1.30	b33	5.5
Great Lakes Paper Co., Ltd. Manufactures newsprint and unbleached sulphite paper	12	1.60	29	5.5
Great West Coal Co., Ltd. "B" Wholesale distributor of lignite coal	12	0.50	b5	10.00
Great-West Life Assur. Co. Wide range of life, accident and health policies	59	4.10	b220	1.9
Greening (B.) Wire Co., Ltd. Wide variety of wire products	21	0.25	b4.05	6.2

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
a Asked.
b Bid.

Continued on page 23

Continued from page 22

RESURGENT CANADA

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958	Quotation June 30, 1958♦	Approx. % Yield Based on Paymts. to June 30, 1958
		—Canadian $ §—		
Guaranty Trust Co. of Can. General fiduciary business	30	0.725	b21⅝	3.4
Gypsum, Lime & Alabastine, Canada, Ltd. Building materials; gypsum and lime products; industrial chemicals, etc.	12	1.20	33¾	3.6
Hahn Brass Ltd. Maufactures large variety of metal products	12	1.00	b19	5.3
Hallnor Mines, Ltd. Ontario gold producer	20	0.12	1.87	6.4
Hamilton Cotton Co., Ltd. Wide variety of textile products	17	0.90	b14	6.4
Harding Carpets Ltd. Specializes in seamless "Axminster" and "Wilton" rugs	23	0.60	b7½	8.0
Hayes Steel Products Ltd. Wide variety of automotive parts	16	1.50	b21½	7.0
Hendershot Paper Products Ltd. Manufactures paper products including containers & corrugated products	12	0.40	5	8.0
Hinde and Dauch Paper Co. of Canada Ltd. Wide variety of paperboards, boxes, etc.	25	1.80	b45½	4.0

Listed Companies Which Have Paid Consecutive Cash Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 32

Hollinger Consolidated Gold Mines, Ltd. Ontario gold producer	43	0.56	24⅛	2.3
Hudson Bay Mining & Smelting Co. Ltd. Manitoba copper & zinc products	24	3.75	46¾	8.0
Huron & Erie Mortgage Corp. Lends money on first mortgage security and operates deposit and debenture accounts	94	1.60	40	4.0
Hydro-Electric Securities Corp. Management type investm't trust	11	0.45	10¼	4.4
Imperial Bank of Canada Operates 304 branches throughout Canada	83	1.70	50¼	3.4
Imperial Flo - Glaze Paints Ltd. Varnishes, lacquers, enamels, paints, etc.	18	1.40	b25	5.6
Imperial Life Assurance Co. of Canada Comprehensive range of life, endowment and term policies	57	2.00	73	2.7
Imperial Oil Ltd. With subsidiaries comprises full integrated oil enterprises	59	1.20	44½	2.7

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
° Dividend paid in U. S. Currency.
b Bid.

Continued on page 24

British Government's Failure To Correct Economic Paradoxes

By PAUL EINZIG

Paradoxes in the current British recession—inflation occurring concurrently with recession, and consumer goods industries largely unaffected compared to capital goods industries—lead Dr. Einzig to observe that the Government's policy does not aim at correcting these discrepancies. The writer favors encouraging capital goods industries to recent attempts to stimulate consumer demand. He agrees that the former eventually does react to the latter, but points out that the former —and the economy—would have been helped more directly if the Government had the courage to allow the recession to continue a bit longer so as to end the wage-price spiral. Predicts that resort again will have to be made to credit squeeze

LONDON, Eng.—Britain's economy is experiencing a curious phenomenon for which there is no rule in any textbook on economics. During the last month or two there has been growing evidence of an expansion of consumer demand which had contracted somewhat under the influence of the credit squeeze. On the other hand, demand for capital goods appears to be on the decline. On balance the economy still appears to be inflationary rather than otherwise, even though the delayed effect on the cost of living of the fall in world commodity prices is at last becoming noticeable. The wage spiral continues to rise, although not at the same rate as in recent years. Many industries, especially those producing consumer durable goods are once more fully employed. Unemployment is largely confined to capital goods industries and to industries depending largely on exports.

Dr. Paul Einzig

On the basis of this experience many experts are inclined to take the view that the new type of recession tends to confine itself largely to capital goods industries, and leaves industries catering for domestic consumers largely unaffected. This view is based on the fact that the recession is apparently unable to prevent a further expansion of consumer purchasing power as a result of wage increases. The additional demand thus created goes a long way toward offsetting the effect on consumer demand of a modest degree of unemployment and of shorter working hours. Provided that unemployment remains as moderate as it has been in Britain this year — it is still just under 2% — this conclusion is probably substantially correct.

Criticizes Government's Policy

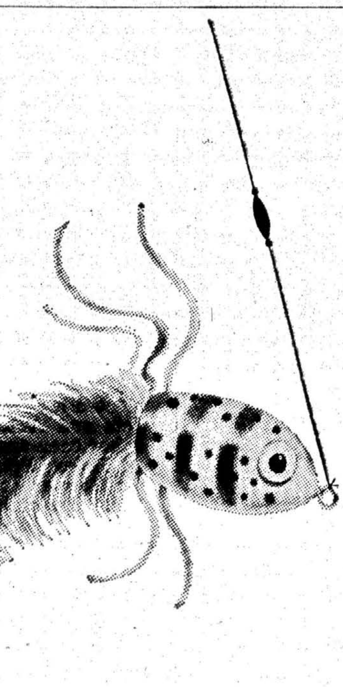
Strangely enough, faced with this paradoxical situation, the government's policy does not aim at correcting the discrepancy between the trend in capital goods industries and consumer goods industries. On the contrary most steps taken in recent months by the authorities, and by the banks with the approval of the authorities, aimed at stimulating consumer demand. Very little has been done recently to encourage a re-expansion of capital goods industries. Lower interest rates helped them of course, and the restrictions imposed on new issues by the Capital Issues Committee have been relaxed. On the other hand, consumer demand is actively encouraged in many ways. Lower interest rates help consumption, too, and the relaxation of restrictions on public issues helps consumer goods industries to the same extent as it helps the capital goods industries. But in addition there had been a drastic reduction in the restrictions on instalment credit transactions. Initial minimum deposits have been reduced and the time limit set for repayment has been extended.

The attitude of the banks toward consumer credits in general and instalment credits in particular has also changed in the sense of encouraging an expansion of consumer demand. The acquisition of interest by banks in instalment credit finance houses was one of the steps in that direction. The development of a new type of consumer credit was another step. The result of both these changes is that more money is now available for financing instalment buying and that the cost of instalment credits is becoming drastically reduced. All this tends to encourage consumer demand, precisely in industries which are already working to capacity. For this reason prospects for industries working for the consumer are considered distinctly favorable.

Notes Time Lag

On the other hand, opinions are sharply divided about prospects of capital goods industries. It is true, increased activity of consumer goods industries necessarily leads to more orders for capital goods. There is, however, a time lag during which capital goods industries are likely to feel increasingly the effect of the decline in capital investment during the last 12 months or so. That time lag is apt to be rather long because the current year's profits of capital goods industries are largely the reflection of the expansion of their productive capacity several years ago. It is, therefore, by no means impossible that the tendency in the two sections of industry will continue to

Continued on page 24



Continued from page 23

British Government's Failure To Correct Economic Paradoxes

point in opposite directions for some time to come.

If, as it seems, the government is now prepared to run the risk of inflation rather than recession it should at least do so by stimulating capital development rather than by stimulating the already excessive consumer demand. The difficulty is that in the absence of a buoyant consumer demand the removal of restrictions on public issues, the reduction of interest rates, and even encouragement by fiscal measures, is not likely to induce industries to embark on capital expenditure on a large scale. Some degree of encouragement to consumption is therefore necessary in order to encourage capital investment.

Finds Government in Error

What is deplorable is that the government has embarked upon its policy of expansion before it has succeeded in breaking the wage price spiral. The threat of increasing unemployment might have induced the trade unions to agree at least to the principle of a wage restraint in the sense of limiting wage demands to increases in productivity. Demand for such policy was in fact put forward from official quarters but was rejected by the trade unions who still feel that the sky should be the limit to their wage demands. Had the recession been allowed to continue a little longer their attitude might have softened to some degree. The result would have been well worth the cost of a little delay in business recovery.

As it is, the long-range effects of the credit squeeze have been sacrificed for the sake of accelerating the immediate business recovery. Having brought about a reversal of the expansion in production, the government might of ensured a lasting advantage by persisting in this strategy a little longer. As it is, the sacrifice involved, though producing some immediate beneficial results, appears to have been wasted in the long run. It seems that, since the present attempt to bring the trade unions to their senses has been prematurely abandoned, sooner or later another attempt in the form of a credit squeeze to check inflationary wage demands will become unavoidable.

Williston, Beane to Larger Quarters

J. R. Williston & Beane, 69 year old New York Stock Exchange member firm, will move to larger quarters in the new Two Broadway building being erected by Uris Brothers, it was announced by Alpheus C. Beane, directing partner.

The move, which will be made next spring, will be the first office change for the company since 1935. Mr. Beane, who became a member of the Williston firm after resigning as partner of Merrill Lynch, Pierce, Fenner & Beane this spring, said the move was another step in an expansion program and would provide much-needed space and facilities for the firm's new departments and services.

$17,500,000 Kingdom Of Norway Bds. Offered

Public offering of an issue of $17,500,000 Kingdom of Norway 5¼% 15-year external loan bonds of 1958, dated Oct. 1, 1958 and due Oct. 1, 1973, was made yesterday (Sept. 23) by an underwriting syndicate headed jointly by Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co.; Lazard Freres & Co. and Smith, Barney & Co. The bonds were offered at 98% and accrued interest, to yield 5.45%.

This financing marks the third time in the postwar period that Norway has raised new capital in the public money markets in the United States. The last previous Norwegian issue sold here was a $15 million flotation in 1955, also marketed by an underwriting syndicate managed by Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co.; Lazard Freres & Co. and Smith, Barney & Co.

Net proceeds from the sale of the bonds will be applied to the acquisition and importation of capital equipment required for the development of the Norwegian economy.

Interest on, and principal and redemption price, if any, in respect of the bonds will be payable in currency of the United States, at the corporate trust office of The First National City Bank of New York, the fiscal agent. The Kingdom of Norway will make application to list the bonds on the New York Stock Exchange.

The new bonds will be redeemable at the option of the Kingdom of Norway, on and after Oct. 1, 1968, at redemption prices ranging from 101½% to par. The bonds will also have the benefit of a sinking fund, beginning April 1, 1962, which is calculated to retire the entire issue by maturity at par, plus accrued interest.

Stifel, Nicolaus to Be NYSE Member Firm

ST. LOUIS, Mo.—John W. Bunn will acquire a membership in the New York Stock Exchange, and on Oct. 2 Stifel, Nicolaus & Co., Inc., 314 North Broadway, will become members of the New York Stock Exchange.

Officers of the company are Louis J. Nicolaus, Chairman of the Board; John D. Murphy, President; E. W. Darmstatter, James L. Jeffers, John W. Bunn, Laurence J. Gable, Sr. and Hugh D. Moore, Vice-Presidents; Fred S. Kelly, Secretary-Treasurer; Joseph C. Zinrich, Assistant Secretary-Assistant Treasurer; and Albert A. Hoffman, Jr., Joseph A. Nolan, and Frank T. Cullen, Assistant Vice-Presidents; and John M. Lancaster, Assistant Vice-President and Assistant Secretary.

Vultee Named Director

Howard F. Vultee has been elected a director of the Missiles-Jets and Automation Fund, Inc., it has been announced by Andrew G. Haley, President. Mr. Vultee was formerly administrative Vice-President of the Marine Midland Trust Company of New York and was a Vice-President of the Marine Midland Corporation.

McCarley & Co. Associate ASE Member

ASHEVILLE, N. C.—McCarley & Company, Inc., 35 Page Avenue, members of the New York Stock Exchange, has become an associate member of the American Stock Exchange. In addition to its headquarters in Asheville, the firm maintains branches in Charlotte, Kingsport, Tenn., and Greenville, Columbia and Sumter, South Carolina.

Continued from page 23

RESURGENT CANADA

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958 —Canadian $ §—	Quotation June 30, 1958♦	Approx. % Yield Based on Paymts. to June 30, 1958
Imperial Tobacco Co. of Canada, Ltd. "Ord." — Tobacco, cigars and cigarettes	47	0.675	14	4.8
Industrial Acceptance Corp., Ltd. — Purchases acceptances; also small loans & gen'l insurance business	11	1.40	33¾	4.1
International Metal Industries — Name changed to Wood (John) Industries Ltd. Shares exchanged share for share				
International Nickel Co. of Canada, Ltd. — Holding and operating co.—Primary operations at mines and smelters near Sudbury, Ontario	25	*3.75	75⅞	4.9
International Paper Co. — Holding and operating co. — Operates pulp and paper mills in Canada and the U. S.	13	2.98	94	3.2
International Petroleum Co. Ltd. — South American oil producer and refiner	41	*1.40	45¾	3.1
International Utilities Corp. — Management and development of natural gas and electrical companies in Alberta	15	†1.25	28	4.5
Investment Foundation Ltd. — Management type investment trust	15	2.55	b40½	6.3
Journal Publishing Co. of Ottawa, Ltd. — Publishers "The Ottawa Journal"	42	1.00	b15	6.7
Kerr-Addison Gold Mines Ltd. — Ontario gold producer	19	0.80	18	4.4
John Labatt Ltd. — General brewing business	14	1.20	b24⅞	4.8
Lamaque Gold Mines Ltd. — Quebec gold producer	20	0.20	2.60	7.7
Laura Secord Candy Shops, Ltd. — Retail candy chain in Ontario & Quebec	32	1.25	b21¾	5.7
Leitch Gold Mines Ltd. — Ontario gold producer	21	0.60	1.35	4.4
Lewis Bros., Ltd. — Wholesale hardware trade in Eastern Canada	13	0.60	10½	5.7

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

Continued on page 25

Continued from page 24

RESURGENT CANADA

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958 —Canadian $ §—	Quotation June 30, 1958♦	Approx. % Yield Based on Paymts. to June 30, 1958
Loblaw Cos. Ltd. "B" — Operates chain of "self-service" grocery stores in Ontario	36	0.40	27¼	1.5
Loblaw Inc. — Operates 133 "self-service" food markets in northern New York, Pennsylvania and Ohio	20	*2.00	111¾	1.8
Walter M. Lowney Co., Ltd. — Chocolate and other confection products	23	1.00	b24⅝	4.1
Lucky Lager Breweries (1954) Ltd. — A holding company for four British Columbia companies	30	0.27	5¼	5.1
Macassa Mines, Ltd. — Ontario gold producer	10	0.15	3.10	4.9
Maclaren Power & Paper Co. — Holding company—newsprint, lumbering and power interest	17	2.75	b70	3.9
MacLeod-Cockshutt Gold Mines, Ltd. — Ontario gold producer	10	0.05	1.05	4.8
MacMillan & Bloedel Ltd."B" — Fully integrated lumber business; large exporter	18	1.00	29	3.4
Madsen Red Lake Gold Mines Ltd. — Ontario gold producer	19	0.15	2.37	6.3
Maple Leaf Gardens, Ltd. — Owns and operates Toronto sports arena of same name	13	1.20	b19½	6.2
Maple Leaf Milling Co., Ltd. — Grain handling; flour milling; operation of bakeries, etc.	13	0.50	b8¾	5.7
Marcus Loew's Theatres, Ltd. — Owns two Toronto motion picture theatres	14	5.00	b126	4.0
Massey-Ferguson., Ltd. — Complete line of farm implements and machinery	13	0.40	7⅝	5.2
McCabe Grain Co., Ltd. "B" — General grain dealings	12	1.00	b20	5.0
McColl-Frontenac Oil Co. Ltd. — Oil production, refining and distribution	15	1.60	58¼	2.7
McIntyre Porcupine Mines, Ltd. — Ontario gold producer	42	3.00	78¾	3.8
Midland & Pacific Grain Corp., Ltd. — Deals in grain and operates line elevators in Western Canada	13	1.00	b16¾	6.0
Minnesota and Ontario Paper Co. — Newsprint, specialty papers and other timber products	12	1.60	27	5.9
Mining Corp. of Canada, Ltd. — Holding, exploration & financing company	10	0.50	12	4.2
Mitchell (J. S.) & Co., Ltd. — General supply house for many industries in Eastern Quebec	24	1.25	b30	4.2
Mitchell (Robert) Co., Ltd. "A" — Brass, bronze, nickel and other metal products	11	0.50	6½	7.7

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

Continued on page 26

U. S. Trade Policy Developments

By LORING K. MACY*

Director, Bureau of Foreign Commerce
U. S. Department of Commerce, Washington, D. C.

Our foreign commerce head presents a brief showing we have consistently pursued a steady process of trade barrier reduction—even in the case of Canada. Mr. Macy furnishes evidence of our performance in facilitating increased trade — ranging from tariff reduction, improved valuation and customs procedures, pending rearrangement of tariff schedules in order to simplify tariff classification to participation in international fairs and positive assistance to foreign exporters. He asserts our limited resort to "escape clause" does not constitute a protectionary trend; finds quotas against Canadian goods, particularly oil, has not proven itself harmful; and perceives in our economic recovery and growth in the months and years ahead paralleled trade growth.

As a result of the strong personal interest of President Eisenhower, the United States has since 1954 greatly increased the extent of official U. S. Government participation in international trade fairs because such fairs have been found to promote mutually profitable trade relationships. With respect to international fairs the President has stated: "All countries today stand on the threshold of a more widely shared prosperity, if they utilize wisely the knowledge of science and technology available to this age. International fairs help to spread this knowledge, and to quicken man's imagination and ingenuity in the creation of a better life for all."

Loring K. Macy

In furtherance of these broad objectives, and in recognition of the fact that, although Canada is now our leading supplier, there will continue in the future to be rapidly expanding opportunities for much larger trade levels, I am happy to announce that the United States Government will maintain an Information Center at the Canadian National Exhibition . . . to supply information on the United States market and to extend consultative service on specific trade problems. . . .

Cites Progress in Lowering Trade Barriers

I believe it would be appropriate to review briefly the developments in U. S. trade policy which influence selling conditions in that market. It has been my impression that the steady real progress which the United States has made in lowering trade barriers has not been adequately recognized and may have been obscured by undue concentration on a few instances of some deviation from that course.

Following the enactment of the Trade Agreements Act of 1934, the policy of the United States has been directed toward a steady process of trade barrier reduction which has been pursued consistently ever since under 10 extensions of the Act for varying periods of from one to three years. Both the 1934 and 1945 Acts each authorized the President to reduce tariffs up to 50% of the preceding existing rates. Succeeding Acts granted additional authority at varying and more moderate percentage reductions. It is an interesting facet of the history of our two countries that one of the earliest agreements that was made under the 1934 authority was with Canada, and that this first agreement was made with a full appreciation in both countries that the reduction in trade barriers would be a major means leading out of the depression that gripped international trade in those days.

Under the reduced tariffs established through a whole series of reciprocal trade agreement negotiations to date, the average rate on dutiable imports now amounts to only about 11%. Approximately 90% of our dutiable imports now enter at reduced tariff rates as a result of those concessions, and in addition many of the remaining imports both free and dutiable have been bound against tariff increases. In the case of our imports from Canada the average ad valorem rate on dutiable imports is only 6%.

A full appraisal of the United States tariff level since the inception of the trade agreements program should also take into consideration the fact that the United States has not adjusted its specific duties upward in line with the inflation of prices during and after World War II. Since the average prices of United States imports today are several times as high as they were prior to the beginning of the trade agreements program, the maintenance of the specific duties at the prewar levels has very greatly reduced the ad valorem equivalents. Since more than two-thirds of dutiable United States imports are subject to specific duties, the effect of these unadjusted rates on the average tariff level over the entire life of the trade agreements program has been about as great as those of rate reductions.

Lowered By About 75%

Taking account of the factors cited, it has been estimated that over the entire period of the trade agreements program, U. S. tariffs have been lowered on an average of more than 75%.

The present average tariff rate of somewhat under 11% on dutiable goods is, of course, a composite of widely varying levels of duty on individual commodities, ranging from nominal rates to some several times higher than the average. However, slightly more than half of our dutiable imports, on the basis of value, are subject to rates no higher than 10%, and approximately another third to rates in the 10.1 to 20% range. Duties in the 20.1 to 30% bracket apply to about one-tenth of the total leaving only a small proportion dutiable at more than 30%.

I have cited the foregoing data relative to progress that has been made to date in reducing our tariff levels to emphasize that the long-term trend has been strongly and steadily in the direction of a more liberal customs regime. The accomplishments have been more substantial than may be generally recognized. The policy of continued gradual liberalization has been re-emphasized by the recently enacted Trade Agreements Extension Act.

Refers to Extended Tariff Act

The new Act provides for the extension of the Trade Agreements Act for four years from June 30, 1958. It provides the President with new authority to reduce duties by any one of three alternative methods:

(1) Reducing the July 1, 1958 rate by 20%, with the maximum amount that can be made effective in any one year 10%.

(2) Reducing the July 1, 1958 rate by not more than 2 percentage points ad valorem (or its ad valorem equivalent in the case of a specific rate or a combination of specific and ad valorem duties), with no reduction in any one year exceeding 1 percentage point.

(3) Reducing a rate which is greater than 50% ad valorem down to 50% ad valorem, with the maximum reduction that can take place during any one stage limited to one-third the amount of the total reduction.

Despite the impression that

Continued on page 26

*An address by Mr. Macy before The American Club of Toronto, Toronto.

Continued from page 25

U.S. Trade Policy Developments

might have been gathered from the vigorous and very vocal opposition of protectionist minorities, public support for a liberal trade program is becoming increasingly effective and widespread as demonstrated by its endorsement by large numbers of witnesses from industrial, trade, labor, agricultural, civic, and professional organizations as well as individual businessmen during the hearings before Congressional Committees. There is wide acceptance in the United States of the principle that we must continue the task of building on a gradual and reciprocal basis, a multilateral trading system throughout the world in order that all free nations can gain strength and prosperity in a free economic society.

Answers "Escape Clause" Fears

Our restrictive actions under the so-called "escape clause" which is designed to grant some relief from imports when domestic industries are threatened with serious injury are frequently cited as indicating a growth of protectionism. However I would suggest that the record of the Administration in rejecting recommendations for escape clause action is an equally valid indication of the trend of U. S. trade policy, as the much smaller number in which relief has been granted. Since 1950 some 87 applications have been made for its use which resulted in Presidential actions to grant relief in only 10 cases, only one of which affected Canadian exports.

When you consider that the United States Government has reciprocally negotiated concessions on approximately 3,000 items in the United States tariff, that only 30 items have been recommended for modification by the Tariff Commission under the escape clause procedures of which only one-third have been granted relief by the President, it is evident that the escape clause has been used with great restraint, particularly since the majority involved items of relatively small volume and value. The action by the President in the one case affecting Canada and involving alsike clover seed is much less disadvantageous to Canada than the Tariff Commission proposed. On the other hand, the President in 1954 and again in 1956 declined to implement the recommendations of the Tariff Commission with respect to quotas and higher duties on fish fillets, a major Canadian export to the United States. Recently, the President suspended consideration of recommendations of the U. S. Tariff Commission relative to lead and zinc pending action by Congress on a proposed Mineral Stabilization Plan which would not change existing duties or impose import quotas. It is hoped that such legislation would have less adverse impact on foreign producing countries such as Canada.

Canadian Oil Quotas Not Filled

With respect to oil, the system of import limitations which has been in effect in the United States arises from a finding under Section 7 of the Trade Agreements Act that the level of imports threatened to impair the national security. Due mainly to decreased demand and other market factors, the quotas in the districts to which Canadian oil moves have not as yet in practice been filled so that they are not currently a limiting factor. With an upturn in U. S. economic activity and increasing consumption requirements in the future, the long-term prospects should be encouraging.

On this subject, the President in his address to the Canadian Parliament stated: "We believe that to insure adequate supplies of oil in an emergency it is necessary that exploration to develop oil reserves be carried forward with vigor. A healthy domestic oil-producing industry is vital to our national security. We recognize that our security and yours are inseparable. We have been keenly sensitive to that fact in considering the nature of the voluntary restrictions on oil imports that have been put into effect by oil companies in the United States and have minimized their impact on your economy."

"Our restrictive action with respect to oil is not in any sense reflective of a change in the fundamental trade policy of the United States."

Cites Further Evidence to Increase Trade

In addition to the program of negotiated tariff reductions, further evidence of the desire of the United States to facilitate increased international trade is shown by the new and simplified procedures for customs valuation of imports into the United States which became effective Feb. 27, 1958.

Under the new procedures, the sole primary basis for valuation of the great majority of items subject to ad valorem duties is export value. Previously, the primary basis for valuation was either foreign value or export value, whichever was higher.

A highly improved valuation system has thus been substituted for what has been considered a significant barrier to trade with the United States. Formerly, it was necessary to determine both the foreign and export values of almost every article imported into the United States and subject to ad valorem duties. In many cases, parallel investigations were required, one of which frequently took place necessarily in a foreign country. Long delays, sometimes up to a year or more, and consequent uncertainties for foreign and United States traders were inherent in the old system. Now, in contrast, few overseas investigations will be required as export value is based on information usually available in the United States.

The change in valuation procedures has had the incidental beneficial effect of slightly reducing—averaging about 2%—the effective duty on many items, as in practice, the export value is usually lower than the foreign value. Foreign value usually includes internal taxes not included in wholesale prices for export to the United States.

Earlier legislation under the Customs Simplification program consisted of the Customs Simplification Acts of 1953 and 1954 and these legislative measures have made helpful changes in mark-of-origin requirements, drawback provisions, and invoicing formalities.

Clarifying Tariff Classifications

An important provision of the 1954 Act directed the United

Continued on page 27

Continued from page 25

RESURGENT CANADA

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958	Quotation June 30, 1958♦	Approx. % Yield Based on Paymts. to June 30, 1958
		—Canadian $§—		
Modern Containers Ltd. "A" — Makes tube containers for tooth paste, shaving cream and other semi-liquid products	11	1.00	13	7.7
Molson's Brewery, Ltd. "B" — Montreal brewer	14	1.45	b37½	3.9
Monarch Mortgage & Investments Ltd. — Operates and owns number of apartment houses	11	3.00	b35	8.6
Montreal Locomotive Works, Ltd. — Diesel-electric locomotives and related production	13	1.00	15⅜	6.5
Montreal Refrigerating & Storage Ltd. — Operates general and cold storage warehouse in Montreal	13	1.00	40	2.5
Montreal Trust Co. — Executor & trustee, management of securities & real estate	50	1.40	b38½	3.6
Moore Corp. Ltd. — Business forms, advertising display products, etc.	15	*2.00	b71	2.8
Mount Royal Rice Mills — Manufactures and distributes rice products.	13	1.25	b14	8.9

Listed Companies Which Have Paid Consecutive Cash Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 32

National Drug and Chemical Co. of Canada, Ltd. — Wholesaler of drugs, chemical & general merchandise	18	0.80	14	5.7
National Grocers Co., Ltd. — Ontario grocery wholesaler	17	0.60	b20	3.0
National Hosiery Mills Ltd. "B" — Manufactures ladies' hosiery	11	0.32	b4.50	7.1
National Steel Car Corp., Ltd. — Railway cars, automobile chassis, etc.	22	1.825	22¼	8.2
National Trust Co., Ltd. — General trust business, also accepts deposits	60	1.60	b40½	4.0
Neon Products of Canada Ltd. — Neon advertising signs	29	0.60	b12	5.0
Newfoundland Light & Pow. Co., Ltd. — Operating public utility	10	1.80	43	4.2

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
b Bid.

Continued on page 27

Continued from page 26

RESURGENT CANADA

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958 —Canadian $ § —	Quotation June 30, 1958♦	Approx. % Yield Based on Paymts. to June 30, 1958
Niagara Wire Weaving Co., Ltd., new — Makes wire mesh, cloth, wire weaving machinery, etc.	25	0.75	b10	7.5
Noranda Mines, Ltd. — Copper and gold producer	29	2.00	42½	4.7
Normetal Mining Corp., Ltd. — Quebec copper and zinc producer	13	0.12	2.75	4.4
Northern Telephone Co. Ltd. — Operates telephone system in 36 centres Northern Ontario and Northwestern Quebec. Dec. 31, 1957, had 46,711 telephones in use.	48	0.05	3.25	1.5
Office Specialty Manu. Co. Ltd. — Mfg. and distributes office furniture and supplies	13	0.80	16	5.0
Ogilvie Flour Mills Co., Ltd. — Mills flour, feeds, and cereals	56	1.50	b32½	4.6
Ontario Loan and Debenture Co. — Accepts deposits and sells debentures; invests in first mortgages	88	1.15	b23	5.0
Ontario Steel Products Co., Ltd. — Automotive springs, bumpers and plastic products	21	1.50	b20¾	7.2
Page-Hersey Tubes, Ltd. — Industrial pipe and tubing	33	†0.90	29½	3.1
Pato Consolidated Gold Dredging Ltd. — Operates a gold dredging project in Colombia, S. A.	20	0.30	3.30	9.1
Paton Mfg. Co., Ltd. — Woolens and worsted fabrics	20	0.40	5¼	7.6
Penmans Ltd. — Woolen, cotton and silk knitted goods	52	1.80	b23¼	7.7
People's Credit Jewellers Ltd. — Retailer of jewelry and associated merchandise	17	0.35	b17¼	2.0
Photo Engravers & Electrotypers Ltd. — Photo engravings, electrotypes, commercial photography, etc.	25	2.50	b52	4.8
Pickle Crow Gold Mines Ltd. — Ontario gold producer	23	0.05	1.00	5.0
Placer Development, Ltd. — Investment—holding company—gold interests	26	0.75	b9.50	7.9
Powell River Co., Ltd. — Largest producer of newsprint on the West Coast	21	1.35	32½	4.2
Power Corp. of Canada, Ltd. — A utility holding management and engineering company	22	2.00	64	3.1
Premier Trust Co. — Operates as trust company trustee, etc.	42	8.00	b106	7.5
Preston E. Dome Mines Ltd. — Ontario gold producer	19	0.04	6.50	0.6
Price Brothers & Co., Ltd. — Newsprint and related products	15	3.00	40¼	7.5
Provincial Transport Co. — Operates coach lines in Quebec and Ontario	22	1.00	12½	8.0
Quebec Power Co. — Operating public utility	44	1.40	32	4.4
Quinte Milk Prod., Ltd. — Wide variety of milk products	10	0.15	b3.00	5.0
Robertson (P. L.) Manufacturing Co., Ltd. — Wide range of screws and bolts	17	0.80	12¾	6.3

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

Continued on page 30

Continued from page 26

U. S. Trade Policy Developments

States Tariff Commission to compile a revision of the tariff schedules to make them logical in arrangement and terminology, eliminate anomalies and illogical results in the classification of articles, and simplify the determination and application of tariff classifications.

These measures relating to valuation and customs procedures and the pending rearrangement of the tariff schedules to simplify the determination of tariff classifications should eliminate most of the difficulties that have occurred in this area in the past. In this connection it occurs to me that undue emphasis and repeated publicity that is sometimes given to a few unusual cases of tariff classification difficulties would have the effect of discouraging some new firms from thoroughly investigating the prospects of selling in the U. S. market. It is suggested that there might be greater benefits to be derived from considering the advice contained in a popular song to "accentuate the positive, eliminate the negative."

Mr. Cannon's Positive Approach

An outstanding example of accentuating the positive approach is the unprecedented action of the U. S. Customs Bureau about two years ago of giving Mr. E. J. Cannon, Appraiser, U. S. Customs Service at Buffalo a special assignment on a full-time basis to assist Canadian exporters with customs problems related to appraisement, classification and other related topics pertaining to the entry of Canadian merchandise into the United States.

At the Annual General Meeting of the Canadian Manufacturers' Association in June, Mr. Cannon reported that during the life of the program to that date he had conferred with approximately 3,000 people in Canada. He has written reports on several hundred cases and about 92% of these reports concern exporters of merchandise who have never shipped to the United States before. I believe it is generally conceded that Mr. Cannon, who has traveled in all sections of Canada on this assignment has made a notable and positive contribution in facilitating the development of Canada's trade with the United States. Mr. Cannon will be one of the officials staffing the United States Government Information Center at the CNE where he will be available for individual consultations on United States customs procedures and regulations.

U. S. A. Recovery

Since the United States is so predominantly important to Canada as an export market, Canada is, of course, vitally interested in the trends and prospects in business activity in the United States. There have recently been increasing signs of buoyancy in U. S. business activity.

The decline in our industrial production which began a year ago was arrested in April. In May and June modest overall gains were recorded as output turned up in many manufacturing industries. The more significant advances appeared particularly in the relatively depressed durable goods industries.

Consumer income as a whole has shown little sensitivity to the dip in output despite a substantial rise in unemployment. The fall and winter decline (after allowance for seasonal movements) in wages and salaries was extensively offset by rising unemployment benefits and other transfer payments, and personal earnings from commodity production have turned upward. Total personal income entered a rising trend by the spring months, and in July mounted further to a record level with the raising of Federal Government salary rates and the payment of retroactive increases.

Major segments of U. S. demand have been well maintained despite the recession in industrial output. The uptrend in state and local government spending is continuing. Residential construction is rising again, and housing starts reached in June their highest volume, on a seasonally adjusted basis, since two years ago. Total consumer spending has held up rather well despite substantially reduced demand for automobiles and certain other durables. Federal Government purchases of goods and services are moving back up toward their recent peak quarterly rate of the spring of 1957. The downward pressure on business activity from inventory liquidation appears to be easing. Only business capital spending is still continuing downward.

On the whole, there is evidence that automatic and other economic stabilizers are proving effective in checking and reversing the recent reduction in some U. S. economic activity. I would not be surprised if GNP for 1958 as a whole comes close to equalling last year's peak annual value. Next year, I am confident the U. S. economy will move upward to new high ground.

The reduction in U. S. manufacturing activity has been greater than that in our imports of raw materials. In the first two months this year, the latest months for which fully comparable import detail is available, our imports of crude materials and semi-manufactures dropped only about 5% in value under those of a year earlier, although U. S. manufacturing output fell off 10%. Our total imports from Canada have held up well. Canadian sta-

Continued on page 30

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THE R.H.M. B

A Complete Advisory Service on Convertible Bonds— Complete Charted Record of the Entire Bond Market

"A Picture Is Worth A Thousand Words"—This statement, coming down to us from the Greeks, tells the story of the R.H.M. Bond Review for those professionals whose every-day activities center about the bond market, and who need no words from us to convince them of the investment values and profit opportunities inherent in all categories of bonds — government, corporate or convertible. In creating a *complete* charted record of the *entire* domestic bond market, we feel we are putting in the hands of all professionals a tool of inestimable value. Not even the keenest trader or analyst can keep in his mind a clear picture of the past fluctuations of hundreds of bonds. Yet, *today's* price of an individual bond makes *so much more sense* when viewed against the clearly charted background of its monthly price fluctuations for as much as the preceding ten years. We have concentrated, therefore, upon producing *clear, intelligible, uncluttered, complete* charted records of:

47 Government Bonds **237 Corporate Bonds** **158 Convertible Bonds**

The R.H.M. Bond Review will be brought up-to-the-minute in a new edition every two months or 6 times per year. All *new* bond issues immediately enter its pages, charted on a weekly basis. Both listed and unlisted bonds receive full coverage. In each issue, a round-up of the most authoritative views in the country on current trends in the money market and a comprehensive record of long-term charts of the money market and important bond averages, complete the picture of the R.H.M. Bond Review, with *one all-important exception!*

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- **All New B Included**
- **Issued Bi-M**

CONVERTIBLE BONDS

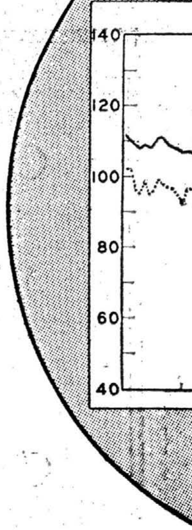
With that one all-important exception, *convertible* bonds, we now address ourselves not only to professionals and institutional investors, but to *all* investors, for there is *no* investor who cannot use the now tremendously important tool of the convertible bond for: *Profits With Greater Safety!* The R.H.M. Bond Review is under the Editorship of Sidney Fried. Since writing a notable work, "Investment & Speculation In *Convertible* Bonds & Preferreds" in 1950, Mr. Fried has been conducting further continuous intensive research covering every aspect of convertible securities, and has translated this research into practical advice for thousands of professionals and investors alike in the past years, and right up to the present time. The growing importance of the convertible bond field can best be appreciated by realizing that three years ago only about *20* important convertible bonds were in the hands of the public while today there are about *150!*

The R.H.M. Bond Review (as we shall shortly explain) constitutes a *complete advisory service on the entire convertible bond field* in addition to its value as a charted record of the bond market as a whole, and let us attempt to briefly explain in the few paragraphs available to us, the remarkable opportunities inherent in this type of security, and the manner in which the Review can be of great service in seizing those opportunities.

THE R.H.M. CONVERTIBLE BOND CHARTS

An R.H.M. Convertible Bond chart has 2 uniquely important elements, as pictured to the right. *1. Conversion Ratio Scale:* The bond is charted on the black scale to the left. The common stock is charted on the grey scale to the right in direct conversion ratio to the bond. Thus, if each $100 face value of bond is convertible into 5 shares of stock the scale price of 100 for the bond would have a corresponding scale price of 1/5th that, or 20, for the common, 90 for the bond, 1/5th that, or 18, for the common, and so on. *Each of the 158 R.H.M. Convertible Bond charts, therefore, shows the exact value of the conversion privilege graphically.* When the price of the common is close to the price of the bond on the chart, the bond is selling at or near *conversion parity* and any rise in the common must produce a corresponding rise in the bond due to its conversion privilege. This is our *first* unique feature. *2. Investment Value:* Every bond has an approximate but meaningful "investment value"—a price where it is yielding an interest return equivalent to what other bonds of similar quality are yielding. Our chart of Lockheed Aircraft Convertible 3¾'s of 1980 as of November 1957, shown as our example of an R.H.M. Convertible Bond chart, has a star indicating the estimated investment value of the bond in November 1957 when at a price of 70 it was yielding 6.25% to maturity. This star tells us its approximate worth as a *straight bond* without considering its conversion value. Most convertible bond charts in each bi-monthly issue of the R.H.M. Bond Review show the estimated investment value as a straight bond graphically, by means of that small but meaningful star.

THE MESSAGE OF THE HYPOTHETICAL CONVERTIBLE BOND CHART IN NOV. 1957



At any moment in the market, there may be, and usually are, a group of convertible bonds which are selling near their investment value as straight bonds (and therefore present far less risk on the downside than do common stocks), but very near conversion parity with the common (so that any strong upwards move in the common must produce substantial profits in the bond due to its conversion privilege). Thus, in our example of the Lockheed convertible bond in November 1957 we see the star (*) very near the price of the bond indicating that it was selling near its value as a straight bond, and we also see the common and bond prices in close proximity, indicating that the bond would benefit almost imediately from any upward move in the common. It is these two factors which can spell *"Profits With Safety."* With the Lockheed convertible 3¾'s of 1980, the "Profits" came when the common recovered to a high of 54. With each $100 face amount of bond convertible into 2.06 shares of common stock the convertible bond *had* to sell at 111, and did, in August 1958, representing a *63%* price appreciation for the bond between November 1957—August 1958. A long list of other prime convertible bonds showed remarkable advances in the same period including those of Bethlehem Steel, Continental Baking, Consolidated Edison, Sinclair Oil and literally dozens of others.

In the field of convertible bonds, the R.H.M. Bond Review stands ready to provide complete, up-to-the-minute coverage of 158 important issues currently trading, *and of all new convertible bonds as they begin trading.* Each bi-monthly issue, in addition to the full chart coverage, gives complete statistical information on each convertible bond—maturity, conversion privilege, investment value, interest dates, and size of issue. In addition, each issue will grade all convertible bonds *as a combination of their proximity to investment value plus conversion parity,* so that the bonds at the head of the list are pinpointed as deserving immediate attention. Our editor, Sidney Fried, will in each issue present his own selections from those convertible bonds in the "buy" zone, since among a group of convertible bonds which are mathematically attractive, the potential of the company itself and its common stock will then come into the picture, making one convertible bond far more attractive than another. Mr. Fried's individual selections will be buttressed by detailed analyses of the individual companies and the individual characteristics of the particular convertible bond.

AN IMPORTANT POINT: Opportunities in convertible bonds can, of course, arise in a matter of days in our fast moving markets and subscribers to the complete service at the annual rate of $100 will be entitled to receive fully descriptive Flash Bulletins on such opportunities *as they arise,* in addition to the general review in the regular bi-monthly issues. Thus the Review constitutes a complete charted record of the bond market *and* a complete investment advisory service *covering the entire field of the convertible bond.*

At any stage in the market cycle, there will undoubtedly be a group of convertible bonds which deserve the keenest investor attention because they offer a means to participate in any possible market advance, and yet protect capital far better than do common stocks should the market fail to advance and, instead, decline sharply. We can hardly envisage a period when this will be more true than today, with so many bewildering cross-currents making investment decisions difficult and precarious.

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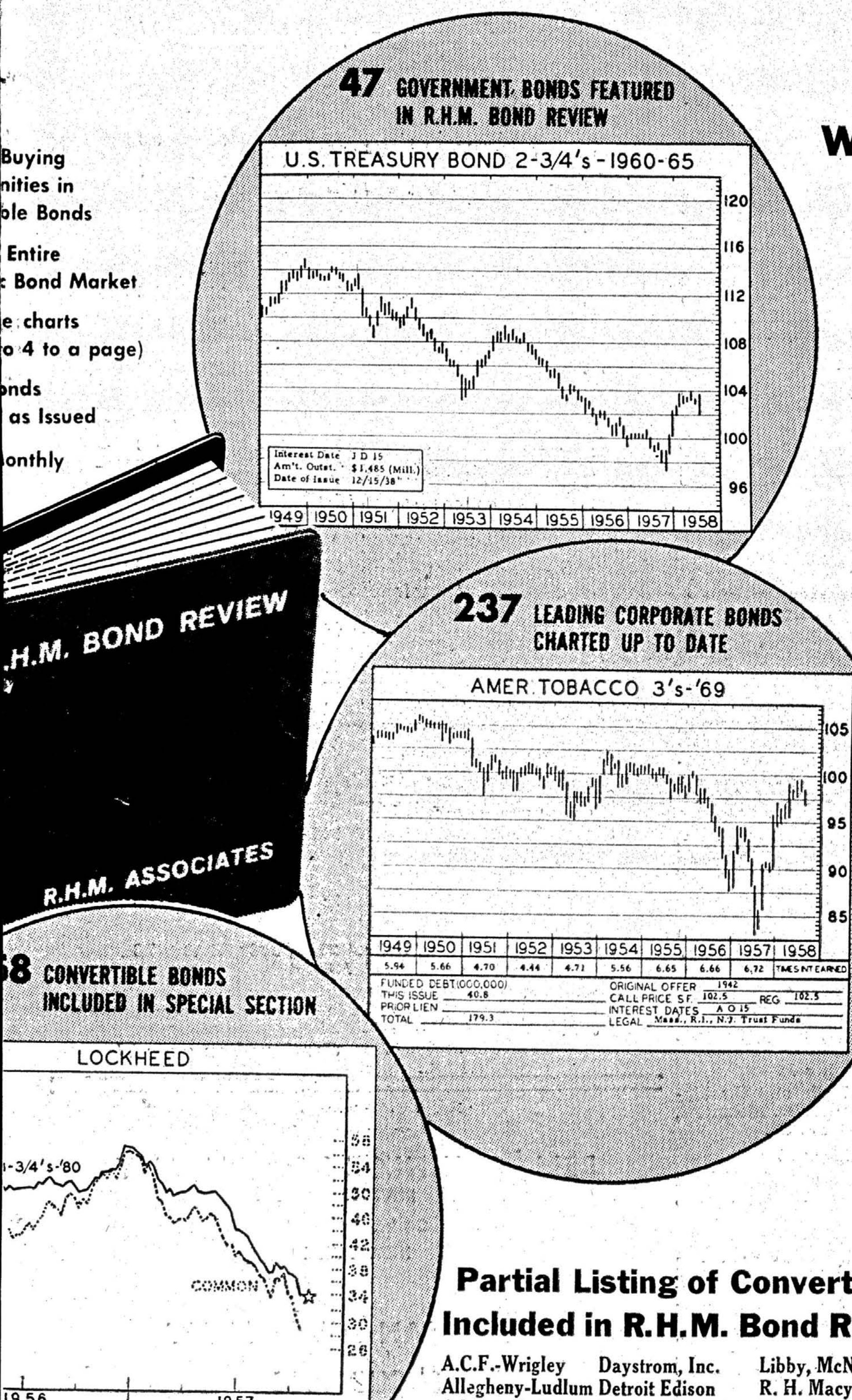

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In the next few days the first regular issue of the R.H.M. Bond Review will be published. Reserve your copy of this limited edition today *at our risk* in either of two ways:

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2 The cost of One Issue, constituting a complete chart book, is $20. Here too, you may study and use this issue for a period of one month and, if you find it does not meet your needs, you may return it for a full refund.

A FINAL WORD

We direct your attention to the coupon below for immediate action on your part because no additional subscriptions for the first issue of the Review can be accepted once our press run has been completed. If your investment decisions concern the bond market in any of its details—if you are an investor interested in becoming familiar with, or utilizing to better advantage the opportunities inherent in the convertible bond field, we believe you will find the R.H.M. Bond Review a tool of truly inestimable value.

THE R.H.M. BOND REVIEW

Partial Listing of Convertibles Included in R.H.M. Bond Review

A.C.F.-Wrigley	Daystrom, Inc.	Libby, McNeill
Allegheny-Ludlum	Detroit Edison	R. H. Macy
Atlantic Refining	Douglas Aircraft	Natl. Cash Register
Boeing Airplane	Dow Chemical	National Tea
Brunswick-Balke	Dresser Industries	Northrop Aircraft
Burroughs Corp.	El Paso Nat. Gas	Olin Mathieson
Canadian Pacific	Emerson Electric	Phillips Petroleum
Carrier Corp.	Fairbanks, Morse	Radio Corp. of Amer.
Chance Vought	General Telephone	Richfield Oil
Collins Radio	W. R. Grace	Scott Paper
Colorado Fuel	Grand Union	Sylvania Electric
Combustion Eng.	Hertz Corp.	United Artists

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RHM — A DECADE OF SERVICE TO INVESTORS

Continued from page 27

U. S. Trade Policy Developments

tistics indicate that we received goods from you in the first six months this year valued, in Canadian dollars, at within 2% of their total in the same period last year.

The downturn of 1957 and the uncertainties of 1958 until the upturn becomes strong and steady are merely the latest and among the less severe instances of their kind in the history of fluctuating free enterprise economies. Beyond recovery, in the years ahead there are clear prospects for great growth in the U. S. economy—the world's largest national market for imports.

Projects the Next Decade's Growth

In the next decade, the projected growth of our population alone, from 173 million to over 200 million, will call for upwards of 20% more output of goods and services simply to maintain present levels of living. The expected growth of our labor force would provide for this minimal added production even if there were no gains in productivity per worker. But productivity trends indicate that by 1968 U. S. per capita income should rise to around a fifth above its present level. Our total national output of goods and services, and the total final demand of our consumers, businesses, and governments, are expected to rise in the next decade by around two-fifths. The U. S. GNP appears likely 10 years from now to be in the neighborhood of $600 billion (in 1957 prices) as compared with $440 billion last year.

Our producers, in responding to the expanding domestic market opportunities indicated by the figures I have just cited, will seek abroad substantially increasing supplies of many commodities such as those we rely on you to supply us. Our demands for advanced manufactures produced abroad are certain to expand, as the tastes of our population become more and more varied and as family incomes rise in purchasing power. We also shall have to import more and more raw materials in order to produce the capital goods and to turn out the consumer products which will make good our economic growth potential.

In summary, I have attempted to clear up certain misunderstandings by reviewing U. S. trade policies and the steady progress made in decreasing or removing trade barriers. I intended to convey real optimism for the business situation in the months and years ahead.

With McCourtney Breckenridge

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Victor G. Gantner is now affiliated with McCourtney-Breckenridge & Co., Boatmen's Bank Building, members of the Midwest Stock Exchange.

J. E. Jardine Jr. Named Coast Exch. Gov.

The election of J. Earle Jardine, Jr., General Partner of William R. Staats & Co., to the Board of Governors of the Los Angeles Division of Pacific Coast Stock Exchange has been announced by William H. Jones, Vice-Chairman of the Board.

J. Earle Jardine, Jr.

Mr. Jardine, was named to fill the 1958 unexpired term of Edward Calin who has resigned from the Board to become a general partner of Mitchum, Jones & Templeton and its floor member on the New York Stock Exchange.

Entering the securities business in 1922 following graduation from the University of California, Mr. Jardine became associated with William R. Staats & Co., the oldest securities firm in Southern California. He has been active in all phases of the securities industry as well as civic affairs. He is past Chairman of the California Group and Governor of the Investment Bankers Association, and currently is Chairman of the Los Angeles chapter of the American Red Cross. His father, the late J. Earle Jardine, Sr., was one of the founders of William R. Staats, and became a member of the Los Angeles Stock Exchange in 1905, serving as its President from 1926 to 1931.

Exchange Sponsors Investment Lectures

DETROIT, Mich.—International Business Machines personnel of the Jefferson Avenue office have arranged for a series of six (6) lectures on investment subjects to commence this week. New York Stock Exchange firms in Detroit, sponsors of the program, are providing the speakers who will explain the important phases of the investment industry as follows:

September 24

Understanding the New York Stock Exchange—Walter E. Auch, Bache & Co.

October 1

Investment Avenues — William C. Roney, Jr., William C. Roney & Company.

October 8

Mechanics of Investing — John O. MacFarlane, Manley, Bennett & Co.

October 15

Investment Tools and the Unlisted Market—Paul D. Richmond, Watling, Lerchen & Co.

October 22

Portfolio Management—Richard B. King, Merrill Lynch, Pierce, Fenner & Smith.

October 29

Monthly Investment Plan and Mutual Funds — Raymond W. Miottel, Paine, Webber, Jackson & Curtis.

Organizations interested in a similar series or a single lecture on investment topics may write: "Investors' Information Program of Detroit," 314 Ford Building, Detroit 26, Michigan.

With H. O. Peet & Co.

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Donald R. Sieben has become connected with H. O. Peet & Co., 23 West 10th Street, members of the New York and Midwest Stock Exchanges.

Continued from page 27

RESURGENT CANADA

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958	Quotation June 30, 1958♦	Approx. % Yield Based on Paymts. to June 30, 1958
		—Canadian $ § —		
Robinson Little & Co., Ltd. — Wholesale and retail merchandising of dry goods & variety store lines	11	0.80	b10¾	7.4
Royal Bank of Canada — Operates 919 branches throughout the world	90	2.10	64	3.3
Royalite Oil Co., Ltd. — Oil production and development	30	0.195	10⅞	1.8
Russell Industries Ltd. — Holding company—machine tool interests	23	0.65	8⅞	7.3
Sangamo Co., Ltd. — Electric meters, motors, switches, etc.	22	0.75	b12¼	6.1
Sarnia Bridge Co., Ltd. — Steel bridges and related production	16	1.00	18½	5.4
Scythes & Co. Ltd. — Manufactures cotton and wool waste, cotton, wipers, etc.	23	1.00	b11½	8.7
Shawinigan Water and Power Co., new — Quebec electric utility	52	0.68	26	2.6
Sherwin-Williams Co. of Canada, Ltd. — Paints, varnishes, enamels, etc.	17	2.05	35	5.9
Sicks' Breweries Ltd. — Beer, ale, stout and carbonated beverages	31	1.40	29½	4.7
Sigma Mines (Quebec) Ltd. — Quebec gold producer	19	0.35	4.20	8.3
Silknit Ltd. — Lingerie, swim suits and other rayon products	11	1.00	b16¾	6.0
Silverwood Dairies, Ltd. "B" — Full line of dairy products	21	0.60	11	5.5
Simpson's Ltd. — Owns and operates through subs. dept. stores in Canada	13	0.50	23⅜	2.1
Slater (N.) Co., Ltd. — Pole-line hardware for power companies; also metal stampings and forgings	21	1.00	b17¾	5.6
Smith (Howard) Paper Mills Ltd. — Pulp and paper manufactures in Canada	14	1.25	31½	4.0
Southam Co., Ltd. — Publishes seven daily newspapers across Canada; operates three radio stations	23	2.00	41¾	4.8
Southern Canada Power Co., Ltd. — Operating public utility; Southern Quebec	36	2.50	50	5.0
Sovereign Life Assurance Co. of Canada — Life and endowment insurance	40	1.00	b155	0.6
Standard Paving & Materials Ltd. — General paving contractor	11	2.00	37¼	5.4
Stedman Brothers Ltd. — Wholesale and retail small wares business	24	1.15	b29	4.0
Steel Co. of Canada, Ltd. — Engaged in all branches of steel production	43	1.90	59⅝	3.2
Sterling Trusts Corp. — General fiduciary business	22	2.00	b40	5.0
Stuart (D. A.) Oil Co., Ltd. — Makes extreme friction lubricants and related products	19	1.25	b15	8.3
Supertest Petroleum Corp., Ltd. "Vot. Com." new — Markets petroleum products in Ontario and Quebec	33	0.08	b4.00	2.0
Sylvanite Gold Mines, Ltd. — Ontario gold producer	29	0.08	1.10	7.3

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
b Bid.

Continued on page 31

Continued from page 30

RESURGENT CANADA

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958 —Canadian $ §—	Quotation June 30, 1958 ♦	Approx. % Yield Based on Paymts. to June 30, 1958
Tamblyn (G.) Ltd. Operates chain of 103 drug stores	22	1.00	b25	4.0
Taylor, Pearson and Carson (Canada) Ltd. Holding co.—interest in automotive and household appliances	12	0.50	7¾	6.5
Teck-Hughes Gold Mines, Ltd. Ontario gold producer	33	0.10	1.60	6.3
Third Canadian General Investment Trust Ltd. Investment trust of the management type	30	0.25	b5⅜	4.7
Toronto-Dominion Bank Operates 503 branches, 501 in Canada, one in New York and one in London, Eng.	101	1.55	41¾	3.7
Toronto Elevators, Ltd. Grain elevators, feed manufacturing and vegetable oils	20	1.00	22	4.5
Toronto General Trusts Corp. General fiduciary business	75	1.50	b36¼	4.1
Toronto Iron Works, Ltd. Steel plate products and special metals	13	1.50	b28	5.4
Toronto Mortgage Co. Lends on first mortgage; issues debentures and accepts deposits	59	5.00	b104	4.8
Traders Finance Corp., Ltd. "B" Purchases installment sales obligations	12	2.40	b37½	6.4
Union Gas Co. of Canada, Ltd. Production, storage, transmission and distribution of natural gas	10	1.60	82½	1.9
United Amusement Corp., Ltd., "A" Operates 34 motion picture theatres in Montreal and other Quebec cities	34	0.50	8	6.3
United Canadian Shares Ltd. Holding co.—insurance interests	34	0.20	b9	2.2
United Corporations Ltd. "B" An investment trust of the management type	18	0.80	b18¾	4.3
United Steel Corp. Ltd. Steel plate and welded steel products	13	1.00	13½	7.4
Upper Canada Mines Ltd. Ontario gold producer	19	0.02	0.73	2.7
Ventures Ltd. Holding, investment, promotion, exploration and development co.	10	0.50	26⅛	1.9
Viau Ltd. Biscuits and confectionery	12	3.00	68	4.4
Waite Amulet Mines, Ltd. Quebec copper-zinc producer	19	0.75	b5.75	13.0
Walker (Hiram)-Gooderham & Worts, Ltd. Holding company—extensive liquor interests	23	†1.40	28½	4.9
Westeel Products Ltd. Manufactures sheet metal	18	1.00	12	8.3
Western Canada Breweries, Ltd. Serves four western provinces	22	1.20	b30	4.0
Western Plywood Co. Ltd. "B" Manufactures and sells veneer & plywood. Plant in Vancouver	11	0.60	a14¾	4.1

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
a Asked.
b Bid.

Continued on page 32

Canada's Successful Debt Refinancing

Canadian Bank describes effective debt-lengthening of recent conversion loan operation and forthcoming new Canada Savings Bond issue which will offer interest rates ranging from 3½ to 4¼%. Notes softening of U. S. dollar and strengthening of sterling.

Canada's forte in its fiscal-debt management policies and changes in U S. dollar and sterling receive the attention of the Bank of Montreal.

The September 23rd issue of "Business Review," published by the Bank, points out that the largest single financing operation in the country's history, the Canada Conversion Loan of 1958 which terminated on Sept. 15, was, in the words of the Minister of Finance, a resounding success. Incomplete returns at Sept. 17 showed that, of the $6.4 billion Victory Loans, close to $5.6 billion, or 88%, had been converted. Of the various maturities available in the new Conversion Loan, over $2 billion were taken in 25-year 4½% bonds, $1¼ billion in 14-year 4¼%, $1¼ billion in 7-year 3¾% and $1 billion in 3¼-year 3% bonds. The conversion will have the effect of extending, from 5½ years to almost 10 years, the average maturity of the outstanding marketable debt of the Government of Canada.

Forthcoming Issue

"On Sept. 16 the Minister of Finance announced the terms of a new Canada Savings Bond issue which will be available commencing Oct. 14 and also offered for immediate cash subscription a new issue of $600 million in the following maturities:

2½% due July 1, 1959 at 99.30 to yield 2.77%.
2¾% due April 1, 1960 at 99.70 to yield 2.96%.

"The proceeds of this loan will be used by the Government of Canada to refund an issue of $400 million due Oct. 1, 1958 and for general purposes.

"The new Canada Savings Bond issue, Series 13, will be offered to individuals, resident in Canada, through chartered banks, investment dealers and payroll savings plans. The bonds, to be dated Nov. 1, 1958 will carry interest at 3½% to Nov. 1, 1959 and thereafter to maturity on Nov. 1, 1973 at 4¼% to provide the holder with an over-all yield to maturity of 4.19%. The bonds may be redeemed at any time at 100 plus accrued interest. The maximum purchase by any one person will again be limited to $10,000.

"Following the close of the Conversion Loan, prices of Victory Loan bonds still outstanding in modest amounts adjusted downwards by 1½ to 3½ points to reflect the disappearance of the conversion privilege. Prices of other Government of Canada issues have, during the past month, declined moderately by ½ to ¾ of a point in nearly all maturities. Similarly, the average tender price on Government of Canada 91-day Treasury Bills has declined each week in the past month, the average yield on Sept. 18 being 2.17%. A few new municipal issues have been marketed and the immediate calendar of provincial, municipal and corporate issues, many of which have been postponed for some time, appears exceptionally heavy."

U. S. Dollar and Sterling

"The U. S. dollar rose fairly rapidly from a low of 3¾% discount in mid-August to a high of 1 23/32% discount in early September, then fell back to 2⅜% discount, and at time of writing is 2 5/16% discount. During the same period the pound sterling improved from $2.69 15/16 to $2.75½ and at time of writing is $2.73⅞. U. S. dollar forwards were soft on small demand and showed a slight discount under spot on short dates with small premiums on longer dates, while sterling forwards strengthened somewhat, reducing the discount under spot funds."

With Milwaukee Co.

MILWAUKEE, Wis.—Michael A. Jacobs, has joined the research department of The Milwaukee Company, 207 East Michigan St., members of the Midwest Stock Exchange.

A 1951 graduate of Notre Dame University, Mr. Jacobs holds both a law degree and masters degree in business administration from the University of Wisconsin. Mr. Jacobs formerly was associated with the office of the attorney general in Madison.

New Coast Exch. Member

George W. Davis, Chairman of the Board, San Francisco Division, Pacific Coast Stock Exchange, has announced the election to membership in the Pacific Coast Stock Exchange of Anthony J. Taranto, who will confer the privileges of his membership upon the firm of Parker, Wester, Taranto & Co., Sacramento.

This is the first member firm of this Exchange with their principal office in that city.

H. R. Anderson, Pres. of Nat'l Ass'n of Inv. Cos.

Herbert R. Anderson, President of Group Securities, Inc., has been elected President of the National Association of Investment Companies, it is announced.

Herbert R. Anderson

He assumes the position on Oct. 1, succeeding Joseph E. Welch, Executive Vice-President of Wellington Fund, Inc.

The National Association of Investment Companies represents 146 open-end investment companies (mutual funds) and 24 closed-end investment companies with combined assets in excess of $12 billion, as of Aug. 31, 1958.

Midwest Exch. Members

CHICAGO, Ill.—The Executive Committee has announced the election of the following individuals to membership in the Midwest Stock Exchange: Theodor F. Bilharz, Chicago, Ill.; John J. Condon, Chicago, Ill.; William D. Fleming, Walston & Co., Inc, Chicago, Ill.; Earl G. Fridley, Fridley & Frederking, Houston, Texas; and Kenneth J. Thompson, Luce, Thompson & Crowe, Inc., Kansas City, Mo.

Railroad Securities

Southern Pacific Company

Southern Pacific Co. so far this year is one of the few railroads in the country which has been able to show earnings about equal to those of a year ago, despite a drop in gross revenues. One of the principal factors in the good showing has been the ever-growing increase in "nonoperating" or "other income."

Consolidated earnings for the first seven months of this year amounted to \$3.43 a share as compared with \$3.47 a share in the comparable 1957 period. Gross revenues for the first seven months of this year showed a decline of 4.8% under those of the like period a year ago. Carloadings for the period actually were off 10% from 1957, but higher freight rates lessened the drop in gross. Operating costs were reduced 5.3%, reflecting lower maintenance costs as well as a reduction in transportation expenses. The latter is of great importance since it means an out-of-pocket outlay for wages of the train crews and for fuel. Net operating income during these months declined 4.3% despite lower equipment rental charges, but Federal taxes actually registered an increase during this time. However, as previously pointed out, higher other income and a drop in miscellaneous deductions were sufficient to maintain net income for these months.

Other income, produced from nonrail sources, has exhibited a steady upward trend in recent years and now is almost equal to annual fixed charges. This places Southern Pacific in an enviable position. This type of income is received from such sources as the Pacific Fruit Express, 50% owned by Southern Pacific and the balance by Union Pacific. The road also receives income from its vast oil land holdings, with prospects of further growth in coming years. It also has a large bond portfolio from which it derives a cash flow and on dividends from the controlled St. Louis Southwestern (Cotton Belt). A final court order on the participating provisions of the Cotton Belt's preferred stock, which has been in litigation for years, is expected at any time. Four of the seven judges sitting on the case previously approved the participating provisions of the subsidiaries preferred stock. Consequently, if a favorable decision is forthcoming, some liberalization in the Cotton Belt's dividend payments can be expected shortly after a final determination has been made by the courts.

Southern Pacific continues in a strong financial position despite the large maintenance and improvement expenditures of the past few years. On June 30, last, cash and its equivalents amounted to \$83,960,000 and current liabilities were \$98,003,000. Net working capital aggregated \$73,917,000, a decline from the \$77,963,000 on the like date in 1957. The carrier also has approximately \$50,000,000 of marketable securities carried in an investment account. Consequently, its finances are considered to be comfortable, particularly in comparison with a number of the railroads in the Eastern section of the country. Depreciation charges in 1958 are expected to exceed maturing equipment obligations this year by around \$13,500,000, which will further add to the cash flow.

Southern Pacific always has had above average cost of operating expenditures. This year costs have been brought under close control, with the result that the transportation ratio in each of the last three months has been below those of the like months a year ago. This follows a drop in the ratio in 1957 despite a drop in gross revenues in that year from 1956. Most of this can be attributed to greater dieselization.

One of the big factors in cost saving is the reduction in passenger train-miles by some 10% in the first seven months as compared with the same period in 1957. Last year the cut amounted to 4.2% under the previous year and this result is cumulative. Further reductions in this respect are anticipated as more of the unprofitable passenger runs are eliminated. Consequently, it is believed that Southern Pacific is well on its way to solve the passenger deficit problem and reduce its over-all cost of operations.

Further reduction in unprofitable mileage is expected as a result of remedial legislation passed by the last Session of Congress. It is expected in this regard that more traffic will be attracted back to the rails by the removal of the excise tax on freight shipments, tightening of the agricultural exemption clause which will curb truckers to some extent and by increasing Interstate Commerce Commission authority over intrastate rates. This should be of particular benefit to Southern Pacific since in the past it has experienced difficulty in obtaining increased intrastate rates in California and Texas on the same basis as interstate rates. Much of the roads' mileage is within these States.

Brown Exec. V.-P. Of C. F. Childs Co.

CHICAGO, Ill. — Murray F. Brown has been appointed Executive Vice-President of C. F. Childs and Company, 141 West Jackson Boulevard, "The oldest house in America specializing in Government securities," according to an announcement made by F. Newell Childs, President of the firm.

Mr. Brown joined the company 26 years ago, prior to which time he was with the Shawmut Corporation of Boston. In 1941 he became Manager of the Boston office of C. F Childs and Company. He was appointed General Sales Manager in Jan., 1955, and in Nov., 1956, became Chairman of the company's newly formed Executive Committee, in which capacity he will continue to serve.

Joins Eppler, Guerin

DALLAS, Tex.—Eppler, Guerin & Turner, Inc., Fidelity Union Life Building, members of the New York Stock Exchange, has announced the association of Robert M. Boyle as a registered representative with the firm.

Mr. Boyle comes to Eppler, Guerin & Turner from Oklahoma City where he was President of an oil properties company.

William D. Houser With Fusz-Schmelzle & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — William D. Houser has become associated with Fusz-Schmelzle & Co., Inc., Boatmen's Bank Building, members of the New York and Midwest Stock Exchanges. Mr. Houser was formerly for many years with Scherck, Richter & Co.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

AKRON, Ohio—Don L. McHugh is now affiliated with Paine, Webber, Jackson & Curtis, Ohio Bldg.

Joins Perry Blaine

(Special to THE FINANCIAL CHRONICLE)

ASHTABULA, Ohio—Horace E. Cowles has joined the staff of Perry T. Blaine & Co., 4519 Main Avenue.

Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Robert A. Bonebrake has been added to the staff of Paine, Webber, Jackson & Curtis, Union Commerce Bldg.

Continued from page 31

RESURGENT CANADA

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958 —Canadian \$ §—	Quotation June 30, 1958♦ —Canadian \$ §—	Approx. % Yield Based on Paymts. to June 30, 1958
Westminster Paper Co., Ltd. "B" — Wide range of paper specialty products	26	0.80	25¼	3.2
Weston (George) Ltd. "B" — Fine biscuits, bread, cakes, confectionery, etc.	20	0.50	28⅞	1.7
Wood, John, Industries Ltd. "A" — Holding Co. Subs. Can. & U. S. mfr. water heaters, oil trade equipment, etc.	16	1.90	26	7.3
Zeller's Ltd. — Operates chain of specialty stores across Canada	18	1.20	b31	3.9

TABLE II

LISTED CANADIAN *Common Stocks*

On Which CONSECUTIVE CASH DIVIDENDS Have Been Paid From

5 to 10 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958 —Canadian \$ §—	Quotation June 30, 1958♦ —Canadian \$ §—	Approx. % Yield Based on Paymts. to June 30, 1958
Acadia Atlantic Sugar Refineries Ltd. — Refines raw sugar cane & produces 50 or more grades & packages of sugar	8	0.50	b9	5.6
Acme Gas & Oil Co. Ltd. — Operates as gas and oil producer in Illinois and Ontario	6	0.01	0.19	5.3
American Nepheline Ltd. — Mines & processes nepheline syenite for use in glass and ceramic trade, in Ontario	6	0.04	b0.75	5.3
Campbell Red Lake Mines Ltd. — Ontario gold producer	7	0.35	7.85	4.5
Canada Cement Co., Ltd. — Portland cement	9	1.00	31½	3.2
Canadian Arena Co. — Operates Montreal Forum	6	1.00	150	0.7
Canadian Dredge & Dock Co., Ltd. — General dredging; construction & repair work on waterways	9	1.00	22½	4.4
Canadian Ice Machine Co. Ltd. — Engaged in air-conditioning and refrigeration field from manufacturing to installations.	7	0.10	b6	1.7
Canadian International Investment Trust Ltd. — Management type of investment trust	8	0.85	17¾	4.8
Canadian Vickers, Ltd. — Shipbuilding, repairs; also makes industrial and mining machinery	9	1.50	28	5.4
Castle Trethewey Mines Ltd. — Silver producer, also has considerable investment portfolio	7	0.15	3.50	4.3
Catelli Food Prod. Ltd. "B" — Manufacturers of macaroni, vermicelli, noodles, fancy pastes and canned foods. Plants at Montreal, St. Thomas and Lethbridge	9	1.50	40	3.8
Combined Enterprizes Ltd. — Owns & operates companies mfg. food flavors, paints, industrial rubber goods, moulded drug sundries, elevator gears & machinery. Plants in Montreal, Toronto and Farnham, Ont.	6	0.60	b12¼	4.9
Consolidated Bakeries of Canada Ltd. — Holding Co. through subs. operates 19 bakeries in Ontario & Quebec	6	0.50	b8¼	6.1
Consolidated Discovery Y'knife Mines Ltd. — Gold producer, Yellowknife Dist., N. W. T.	5	0.22	3.20	6.9

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
b Bid.

Continued on page 33

Continued from page 32

RESURGENT CANADA

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to June 30, 1958 —Canadian $ §—	Quotation June 30, 1958♦	Approx. % Yield Based on Paymts. to June 30, 1958
Dominion Corset Co. Ltd. Manufactures ladies' foundation garments	9	1.00	16	5.6
Dominion Scottish Investments Ltd. Investment trust of management type	7	1.00	b24¼	4.1
East Malartic Mines Ltd. Gold producer, Fourniere Township, Malartic area, Quebec	6	0.05	1.55	3.2
Empire Life Insurance Co. Operates as life insurance co.	8	0.80	b60	1.3
General Bakeries Ltd. One of Canada's largest independent bakery operations. Makes bread, cakes, biscuits and confectionery	8	0.30	b7	4.3
Giant Yellowknife Gold Mines Ltd. Gold producer Yellowknife area, N. W. T.	6	0.30	6.00	5.0
Great West Saddlery Co., Ltd. Wholesale distributor of general store mdse., and riding goods	9	1.00	b19	5.3
Hughes-Owens Co. Ltd. "B" Mfg. & retailer of drafting equip. scientific instruments & artists' supplies	6	0.60	b12½	4.8
International Bronze Powders Ltd. Holding co. Subs. manufacture bronze and aluminum powders	8	0.70	b12⅜	5.7
Interprovincial Building Credits, Ltd. Home improvements financing	7	0.775	b9	8.6
Interprovincial Pipe Line Co. Owns & operates crude oil pipeline from Red Water, Alta. to Superior, Wis. and Sarnia, Ont. 1,770 miles	6	1.40	45⅜	3.1
Jamaica Public Service, Ltd. Holding company. Holds all common stock of Jamaica Public Service Co. Ltd. which serves Jamaica with light & power from 2 steam electric, 5 hydro-electric and 4 diesel power generating stations. Capacity 66,645 hp.	6	1.50	33	4.5
Lambert, Alfred, Inc. "B" Manufacturers, wholesalers and retailers of footwear goods	8	0.60	b12½	4.8
London Canadian Investment Corp. Investment trust, management type	8	0.30	8	3.8
Lower St. Lawrence Power Co. Quebec electric utility	8	0.90	20	4.5
Maxwell Ltd. Manufactures washing machines, dryers, lawn mowers and food choppers	9	0.4375	3.75	11.7
Milton Brick Co., Ltd. Makes first quality face brick	9	0.20	2.60	7.7
New Dickenson Mines Ltd. Gold producer Northern Ontario	5	0.10	2.27	4.4
Ontario Jockey Club Ltd. Operates several horse race tracks in Ontario	7	0.10	1.95	5.1
Parker Drilling Co. of Canada Ltd. Owns & operates oil drilling rigs in Western Canada	6	0.35	b2.95	11.9
Quebec Telephone Provides telephone services to some 300 towns & villages in 17 counties of Eastern Quebec	8	0.85	25⅞	3.3
Quemont Mining Corporation Ltd. Produces gold, silver, copper, zinc, and pyrites in Quebec	8	0.60	9.50	6.3
Reitman's (Canada) Ltd. Through holdings of 3 subs. operates 86 retail clothing stores in Ontario and Quebec	8	0.75	16½	4.5
Rolland Paper Co., Ltd. "B" High-grade bond writing paper & related products	9	0.40	24½	1.6
St. Lawrence Corporation Ltd. Newsprint and allied products	8	1.00	13⅜	7.5
Simon, H. & Sons Ltd. Cigar manufacturer	7	1.20	33	3.6
South American Gold & Platinum Co. Gold dredging operation, in Colombia, South America	8	0.30	b8½	3.5
Switson Industries Ltd. Mfgs. vacuum cleaners, floor polishers, gas heaters, furnaces, etc.	6	0.28	3.75	7.5
United Keno Hill Mines Ltd. Silver-lead-zinc-cadmium producer, Yukon	5	0.38	4.00	9.5
Victoria & Grey Trust Co. Operates as trust company	8	1.10	b27½	4.0
Wood Alexander Ltd. Operates wholesale hardware business	8	0.30	3.60	8.3
Yukon Consolidated Gold Corp. Ltd. Gold dredging operation in Yukon	8	0.06	0.68	8.8

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
b Bid.

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.

♦ Quotations represent June 30, 1958 sale prices or the last sale price prior to that date. Bid and ask quotations are as of June 30, 1958.
§ Add current Canadian Exchange Rate.
b Bid.

Halsey, Stuart Group Offers Utility Bonds

Halsey, Stuart & Co. Inc., headed an underwriting syndicate which offered yesterday (Sept. 23) an issue of $40,000,000 Consumers Power Co. 4½% first mortgage bonds, due Oct. 1, 1988, at 100.989% and accrued interest, to yield 4.44%. Award of the bonds was won by the underwriters at competitive sale on Sept. 22 on a bid of 100.16%.

Net proceeds from the sale of the bonds will be used to repay short-term bank loans, to finance in part the company's construction program and to reimburse the company's treasury for expenditures already made for construction. The company has made or plans to make capital expenditures for property additions from Jan. 1, 1953 to Dec. 31, 1959 in an estimated amount of $209,200,000, of which about $89,200,000 has been or is to be expended in 1958 and the balance in 1959.

The new bonds will be redeemable at regular redemption prices ranging from 105.49% to par, and at special redemption prices receding from 100.989% to par, plus accrued interest in each case.

Consumers Power Co. is engaged in the state of Michigan in the generation, purchase, distribution and sale of electricity in 1,501 communities and townships, including rural areas, and in the purchase, distribution and sale of natural gas in 291 communities and townships. Population of the territory served is estimated to exceed 3,900,000.

For the 12 months ended June 30, 1958, the company had total operating revenues of $224,636,000 and net income of $32,312,000. For the year ended Dec. 31, 1957, total operating revenues were $221,462,000 and net income was $32,763,000.

Iowa Inv. Bankers To Hold Field Day

DES MOINES, Iowa—The 23rd Annual Iowa Investment Bankers Association Field Day will be held in Des Moines, Iowa on Thursday, Oct. 2.

The Des Moines Golf and Country Club will be the site for the program as the Iowa Association plays host to investment brokers and dealers from all sections of the nation. Approximately 150 investment men are expected to attend.

Richard Gadient of Davenport, Iowa, President of the Iowa Association announced that the officers of the Association will hold a dinner reception at the Savery Hotel on Wednesday evening preceding the Field Day.

Melville S. Wien

Melville S. Wien, founding partner of M. S. Wien & Co., Jersey

Melville S. Wien

City, New Jersey, which he established in 1919, passed away suddenly after a short illness at the South Nassau County Hospital, Oceanside, Long Island. Mr. Wien was active in the New York Security Dealers Association.

Customers Brokers On Chart Making, Reading

The Association of Customers Brokers will hold an educational meeting on Monday, Sept. 29th, at Schwartz Restaurant, at 4:15 p.m. The subject of the meeting will be the use of charts as a timing aid and price forecasting tool.

Reservations should be made with Jack Smith, 25 Broad Street, New York City, the program chairman. The meeting is open to members only and to new members who enclose a check for $10 as a preliminary application for membership.

With Broad St. Sales

Johnstone R. Law has been appointed a District Representative of Broad Street Sales Corporation, it was announced by Milton Fox-Martin, President of that organization.

As District Representative, Mr. Law will have charge of the distribution of shares of the Broad Street Group of Mutual Funds in the State of New Jersey and by certain investment firms in the greater metropolitan area of New York City. He also will be responsible for introducing and developing with securities dealers in this territory the new Mutual Funds sales service program which Broad Street Sales is undertaking.

Joins A. C. Allyn

(Special to The Financial Chronicle)

CHICAGO, Ill.—Richard D. Roeder has joined the staff of A. C. Allyn & Co., 122 South La Salle Street.

With Alm, Kane Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Arch Lord has become associated with Alm, Kane, Rogers & Co., 39 South La Salle Street.

Public Utility Securities

By OWEN ELY

Laclede Gas Company

Laclede Gas provides natural gas to an estimated population of about 1,495,000 in St. Louis and adjacent areas in Missouri. The service area includes large rural areas but also the ninth largest manufacturing center in the U. S., and is thus well diversified. Major industries are steel, metal fabricating, shoes, chemicals, meat packing and breweries. Residential sales (including househeating) account for about 71% of revenues, commercial and industrial 22%, interruptible 5%, and other 2%.

Natural gas is purchased from Mississippi River Fuel, the sole supplier, under contracts extending to 1975, with a daily supply of 330 million cf. Underground gas storage facilities have been developed near St. Louis, enabling the company in recent years to expand its profitable househeating business. The underground storage project performed very satisfactorily last winter in supplying peak demands on days of low temperature. It is expected the storage inventory will reach 7 to 7.5 billion cubic feet before Dec. 31, 1958, compared with about 5 billion cf in the 1957-8 heating year. It is anticipated that the storage field will be able to deliver 130 million cf on a zero day, about 25% of estimated requirements on such a day. The company is further expanding the capacity of the storage field by drilling an additional injection-withdrawal well, enlarging the compressor building, and adding an additional compressor. Nearly two-thirds of the peak-day gas requirements in excess of the pipeline supply came from underground storage last winter and one-third from manufacturing facilities.

The number of house-heating customers continues to grow as more gas becomes available for peak-day delivery from underground storage. Over half of the 355,000 residential customers are heating with gas. The number of heating customers at June 30, 1958 had increased 16,000 over a year ago and it is expected that 22,000 conversion and new construction heating customers will have been added this summer. As of June 30 the company had a backlog of 23,000 applications.

As of June 30, 1958 the capital structure was as follows, adjusted for the sale of $8 million preferred stock in July:

	Millions	Percent
Long-Term Debt	$51.2	51%
Preferred Stock	15.5	15
Common Stock Equity	34.0	34
Total	$100.7	100%

The company in July sold $8 million 5% preferred stock at $25 per share and the issue was reported well received. Proceeds were used to retire bank loans and for the construction program, etc. The company has entered into a new $21 million Bank Loan Agreement to provide for its estimated cash needs through June, 1960.

The company sold some 202,000 shares of 4.32% preferred stock on a rights basis in March, 1956, convertible into the common stock at $16⅔ up to March 31, 1966. With the advance in the common this year, substantial conversions have occurred and as of recent date only about 117,000 shares were outstanding.

The postwar financial record is as follows:

Year	Revenues (Millions)	Common Stock Record: Earned	Dividend	Price Range
*1958	*$51	*$1.37	‡$0.90	†19½—14
1957	47	1.16	.80	15½—12½
1956	45	1.21	.72	17 —14½
1955	40	.97	.60	16 —12½
1954	37	.85	.60	13½—10
1953	33	.98	.50	10 — 8
1952	30	.92	.50	9½— 8
1951	28	.89	.35	9 — 7
1950	21	.80	.20	7½— 6
1949	16	.84	.15	8 — 5
1948	15	.91	.20	6½— 5
1947	14	.83	.20	7 — 4½
1946	10	.74	.25	9½— 5½

*For 12 months ended June 30. †To date. ‡Present rate.

For the 12 months ended June 30, 1958 revenues were $51,-180,000, a gain of 13% over the previous period. Increased gas sales for heating together with additional customers and greater sales to all customer classifications accounted for the increase. Temperatures in the winter of 1957-8 were 14% colder than for the previous winter and 9% colder than a normal winter for the locality. A 5% wage increase was granted July 1, the increased cost for the balance of 1958 amounting to about 2c a share and on a pro forma basis about 8c per annum.

Mississippi River Fuel Corp., which supplies gas to the company, proposed a rate increase which can go into effect Nov. 1 under bond unless the FPC issues an order. Laclede Gas has applied for an annual rate increase of about $3 million to offset this higher cost, if the supplier's proposed rates go into effect.

The dividend rate on the common stock was raised from 80c to 90c on April 1, this being the seventh increase since 1949. The stock recently sold at 19½, making the yield 4.6% and the price-earnings ratio 14.2.

Evans Co. Elects

Evans & Co., Incorporated, 300 Park Avenue, New York City, members of the New York Stock Exchange, have appointed Daniels C. Brasted Vice-President and John P. Mejlaender Secretary of the firm.

Curtis Merkel Adds

(Special to The Financial Chronicle)

ST. PETERSBURG, Fla.—William H. George is now connected with Curtis Merkel Company, Inc., 601 First Avenue, North, members of the Philadelphia-Baltimore Stock Exchange.

Sutro & Co. Celebrates Its 100th Anniversary

Sutro & Co., the West's longest-established investment brokerage firm, marked its 100th anniversary Sept. 19. Since its founding in 1858, Sutro has played a key role in Western financial affairs and has a long history of close association with the legendary figures who built the Western Empire.

The pioneer firm is credited with many financial "firsts." Among the most interesting of these is Sutro's leadership in the forming of and their completion of the first transaction on the original San Francisco Stock Exchange in 1882. Another notable Sutro first includes their introduction of the first automatic "Teleregister" quotation board ever used in the securities field.

Sidney L. Schwartz, the third Sutro senior partner in the firm's 100-year history, is generally regarded as the dean of the Montgomery Street financial community. Mr. Schwartz has served as President of the San Francisco Stock Exchange for a record nine terms, and it was under his administration that the present San Francisco Stock Exchange building was erected. Mr. Schwartz's 51-year membership still continues as the longest tenure in the history of the exchange.

Mrs. Olga Sutro Manson, daughter of Gustav Sutro, co-founder of the firm, presided as guest of honor at a 100th anniversary celebration at the San Francisco Stock Exchange Club. The party was attended by the entire staff of the firm's San Francisco, San Jose and Hayward offices, including Herbert Hauser, Sutro's oldest employee in point of service, who is in his 61st year with the firm. A similar anniversary celebration for the personnel of the firm's Los Angeles and Beverly Hills offices was held in Los Angeles earlier this week.

Retail Price Index Remains Steady

National Industrial Conference Board's own retail price index shows first drop in July, in more than two years, has remained unchanged in August.

Retail prices as measured by the National Industrial Conference Board's consumer price index were unchanged in August, 1958 after registering their first dip in more than two years in July.

The all-items index for the United States remained at 107.4 (1953=100), 2.2% above the August, 1957 level. Purchasing power of the consumer dollar held steady for the second consecutive month at 93.1 cents (1953 dollar=100 cents), which was 2.0 cents below the value of the August, 1957 dollar.

In July, the NICB's consumer price index dipped 0.1% for its first downward movement in 26 consecutive months.

August Food Costs Drop Sharply

Food costs dropped 0.6% in August, 1958, providing the only decline in prices over the month. Apparel prices remained at July levels, while transportation and sundries rose 0.5% each and housing inched up 0.1%.

The August index marked the second consecutive month of falling food price levels. The drop reflected lower prices for beef and fresh fruits, and especially large declines for many vegetables as supplies became more than plentiful. Coffee prices down 1.0% also contributed to the decline. Among items registering price advances were eggs, bread, margarine, and sugar.

The apparel index was unchanged over the month although women's clothing prices were slightly higher.

Transportation Costs Rise

Transportation costs advanced for the fourth consecutive month as used car prices continued firm. New car prices, however, were unchanged from the previous month. Higher bus and railway fares in many cities provided additional impetus to the upward trend.

The sundries index rose primarily under the impact of higher postal rates which went into effect during August, 1958. Medical care, recreation and alcoholic beverage and tobacco costs were also up, but only slightly.

Housing costs were virtually unchanged over the month as higher household operation charges and gas and electricity rates were almost balanced by declines for rent and furnishings and equipment.

Compared with August, 1957, all commodity and service groups were higher. Food registered the largest increase with a rise of 3.6%. Transportation and sundries were both up 2.6% over the year. Housing and apparel registered lesser increases of 1.0% and 0.4% respectively.

With Shillinglaw Bolger

(Special to The Financial Chronicle)

CHICAGO, Ill. — Jack Weiner has become connected with Shillinglaw, Bolger & Co., 120 South La Salle Street, members of the Midwest Stock Exchange. Mr. Weiner was previously with Rouse, Brewer & Becker.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Robert A. Bivins and Norwell F. Burgess have been appointed Vice-Presidents of the **Chase Manhattan Bank, New York**, George Champion, President, announced. Both are former Assistant Vice-Presidents at the head office, Mr. Bivins in the bond department and Mr. Burgess in the bank operations department.

Mr. Bivins joined the **Equitable Corporation** in 1930 and following the Chase-Equitable merger was assigned to the bond department in 1935. He was appointed an Assistant Manager in 1939 and promoted to Assistant Vice-President in 1944. Mr. Burgess joined the **Chase Manhattan Bank** in 1929, was appointed an Assistant Cashier in branch administration in 1945 and was advanced to Assistant Vice-President in bank operations in 1955.

Promoted to Assistant Vice-Presidents in the bank's national territorial organization were Howard L. Brown, Charles E. Fiero, John S. Hejinian and Robert K. Schell, formerly Assistant Treasurers. John V. Deaver was named foreign economist in the economic research department.

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Charles A. Becker and Andrew S. Sawers have been appointed Vice-Presidents of **Manufacturers Trust Company, New York**, it was announced on Sept. 24 by Horace C. Flanigan, Chairman of the Board. Both had been Assistant Vice-Presidents.

Mr. Becker is in charge of the bank's business in 10 Southern States — Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia. He has been with the bank since 1951.

Mr. Sawers came to the bank in 1938; he was appointed an Assistant Treasurer in 1951 and an Assistant Vice-President in 1953. He is assigned to the Metropolitan Division of the bank's Domestic Department.

The appointment of William H. Padgett as a Trust Officer of **Manufacturers Trust Company, New York**, is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Padgett joined the Comptroller's Department of the bank in 1947 and was promoted to the position of Assistant Trust Officer in the Personal Trust Department in 1951. He will continue his present assignment in the Operating Division of the bank's Personal Trust Department.

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Sidney G. Butler and Norbert G. Leroy have been appointed Assistant Vice-Presidents of **J. P. Morgan & Co. Incorporated, New York**, it was announced by Henry C. Alexander, Chairman.

Both officers are in the bank's foreign department. Mr. Butler has been with Morgan's since 1952 and has been an Assistant Treasurer since 1955; his principal fields of specialization are the United Kingdom and British Commonwealth countries and the Far East. Mr. Leroy, concerned chiefly with the European area, joined the Morgan bank in 1951 and became an Assistant Treasurer in 1955.

Also announced was the appointment of Alexander M. F. Vagliano, as an Assistant Treasurer in the bank's foreign department.

* * *

Mr. George C. Johnson, Chairman of the Board, of **The Dime Savings Bank of Brooklyn** announced that the Board of Trustees had made the following new official appointments:

Arthur F. Johnson and Charles H. Miller to Vice-Presidents; Martin F. Coffey, Jr. to Deputy Comptroller, Arthur Miles to Assistant Treasurer, and Warren C. Marquardt to Assistant Auditor

Mr. Johnson entered the employ of The Dime in May, 1941, as a Mortgage Administrator, was named Assistant Secretary in 1952 and Assistant Vice-President in 1954.

Mr. Miller started his banking career with The Dime in 1933 and has served in various capacities in the Accounting, Mortgage and Banking departments. In December, 1950, he was appointed Assistant Comptroller, in July 1954, Deputy Comptroller, and Assistant Vice-President in August, 1957.

Mr. Coffey was promoted from the office of Assistant Comptroller, to which he was appointed in 1957, to that of Deputy Comptroller.

Mr. Miles, after serving as Assistant Auditor since May, 1955, was appointed Assistant Treasurer.

Mr. Marquardt, Chief Supervisor of the Auditing Department, attained officer rank by being named Assistant Auditor.

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The appointment of Paul J. Christiansen to membership on the Orange Advisory Board of **The National State Bank of Newark, N. J.** was announced by the Executive Committee of the bank.

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The new Brick Township Branch of **The First National Bank of Toms River, N. J.**, opens for business Monday, Oct. 6.

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Robert A. Maier has been appointed Assistant Vice-President of **Mellon National Bank and Trust Company, Pittsburgh, Pa.**, Frank R. Denton, Vice-Chairman of the bank, announced.

Mr. Maier, started his banking career in 1929 with the **Forbes National Bank**. In 1941, he was promoted to Assistant Cashier at their Gulf Building Branch. He joined Mellon in 1947 when the Forbes National became an office of Mellon Bank. In December, 1947, Mr. Maier was appointed Assistant Manager of Mellon's Gulf Building Office and in January, 1954, he was appointed Manager of that office.

J. David Barnes and Robert L. Fletcher have been appointed Assistant Cashiers in the Principal Office of **Mellon National Bank and Trust Company, Pittsburgh, Pa.**, Frank R. Denton, Vice-Chairman of the bank, announced.

Mr. Barnes came to Mellon Bank in 1956. He was assigned to the Banking Department as an Assistant Credit Analyst at that time.

Mr. Fletcher started his banking career at Mellon Bank's Wilkinsburg Office in 1958. After working in all phases of banking there, he was transferred to the Principal Office in 1954, to the management training program. After completing this program in May 1956, he was assigned to the Methods Division. In July 1957, Mr. Fletcher was assigned to the bank's Account Records and Analysis Division, where he is at present.

* * *

George H. Deike, H. R. Hosick, former President of **Potter Bank, Pittsburgh, Pa.**, and Ernest N. Calhoun, have been elected to the Board of Directors of **Fidelity Trust Company, Pittsburgh, Pa.**

The three were Directors of **Potter Bank and Trust Company**, which merged with Fidelity on Sept. 12.

Mr Hosick was elected Senior Vice-President of Fidelity. He will be in charge of the Potter Bank Office of Fidelity, in the Frick Building.

John A. Byerly, President of Fidelity, said the Homewood Office of Potter Bank will continue operations as an office of Fidelity.

He also announced transfer of $735,000 from the Undivided profits Account to the Surplus Account. Fidelity's capital and surplus total $34,000,000, including the former Potter capital and surplus.

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Stockholders of the **Farmers Bank of the State of Delaware** at a special meeting Sept. 18 approved an amendment to the bank's charter increasing the number of shares of capital stock to 100,000 shares from 10,000 shares and reducing the par value of the capital stock to $5 per share from $50 per share.

Approval of the amendment by stockholders cleared the way for the bank's Board of Directors to split the capital stock on a 10-for-one basis.

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J. Vincent O'Connor has been promoted to Assistant Cashier at **Society National Bank, Cleveland, Ohio**, and Assistant Treasurer, **Society for Savings, Cleveland, Ohio**, Mervin B. France and William Harvey Kyle, Presidents, Society for Savings and Society National Bank, announced.

Mr. O'Connor will assume the duties of Branch Manager of Society's new Euclid-Shore Branch when it opens later this year.

He came to Society in December, 1933, and has served in various capacities in the bank. Starting as a savings teller, he was successively promoted to the Mortgage Service Department, Construction Loan Department, and later to a Mortgage Loan Officer.

Prior to Employment at Society, Mr. O'Connor had experience in finance and banking for 11 years with the **Guardian Trust Company**.

* * *

Two officers of the **Federal Home Loan Bank of Chicago, Ill.**, have been elected to higher positions and a third officer has been added to the staff, announced John E. Stipp, President.

Lee Hubble, Secretary of the bank, has been elected Treasurer. Thomas J. Garvey, Assistant to the Vice-President and Treasurer since last year has been elected Secretary and Francis H. Dalton, recently Deputy Chief Examiner in charge of the savings and loan division of the office of the Auditor of Public Accounts, has been elected Assistant Vice-President.

Mr. Hubble joined the Chicago Bank in 1953 after serving as a savings and loan examiner in the division of examinations of the Federal Home Loan Bank Board for two and one-half years. Before that he was administrative assistant and auditor at the **Bloomington Federal Savings and Loan Association.**

Mr. Garvey in 1951 joined the FHLB board division of examinations and later became a senior examiner.

Mr. Dalton joined the office of the auditor of public accounts nine and one-half years ago and rose to deputy chief examiner in charge of the savings and loan division. He left the office in July when it was reorganized as the department of financial institutions to accept a position as Assistant Vice-President in charge of the real estate mortgage loan department of an Illinois bank.

* * *

By a stock dividend the common capital stock of **The First National Bank of Devils Lake, N. D.**, was increased from $100,000 to $200,000 effective Sept. 11. (Number of shares outstanding—2,000 shares, par value $100.)

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Stockholders of the **First City National Bank, Houston, Tex.** will vote on a $5,000,000 increase in the bank's capitalization at a special meeting which has been called for Oct. 2 by the Board of Directors, it was announced by James A. Elkins, Sr., the bank's Senior Chairman of the Board.

The capital increase would be accomplished by sale of 125,000 shares of new $20 par value capital stock, to the present stockholders only, for $40 per share, the proceeds of $5,000,000 to be divided equally between capital stock and surplus.

Shareholders of record Oct 2 will be offered the right to subscribe for one share of new stock for each 10 shares held at that time.

If approved by the stockholders and the United States Comptroller of the Currency, the bank's capital stock and surplus will be increased from $25,000,000 to $27,500,000 each, with combined capital and surplus of $55,000,000. The total capital structure, including undivided profits, will be increased to approximately $60,000,000.

The proposed capital increase is the second for the First City National this year. In June, the capital stock account was increased by a $2,000,000 stock dividend and an additional $2,000,000 was transferred from undivided profits to surplus, increasing total capital, including undivided profits, to approximately $53,500,000.

The proposed new capitalization of $60,000,000 represents an increase of nearly $15,000,000, or about 33% over the combined capital of $45,000,000 when the **City National Bank** and **First National Bank** were consolidated in April, 1956.

* * *

The Board of Directors of **First Hutchings-Sealy National Bank of Galveston, Tex.**, are pleased to announce the election, effective Oct. 1, of John W. McCullough, Chairman of the Board; Robert K. Hutchings, Vice-Chairman of the Board; Paul L. Rounsaville, President, and John W. Harris, Chairman Executive Committee.

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Merger of **Denver National Bank, Denver, Colo.**, and **United States National Bank of Denver, Colo.**, has been approved by directors of both banks. Stockholders of both banks are due to vote on the proposal in October.

The new institution would be known as **Denver United States National Bank.**

* * *

The United States National Bank of Omaha, Nebr., announced the promotion of Henry R. Roose, Vice-President, former manager of the Bankloan Plan Department, to Loan Officer in the Commercial Loan Department and the election of Carl E. Scheer to Assistant Vice-President in charge of the Bankloan Plan Department.

Mr. Roose, following 14 years' experience in banking and installment lending he came to the United States National Bank as Assistant Vice-President in 1952 in the position of manager of the Bankloan Plan Department. He was promoted to Vice-President in 1954. Prior to coming to the United States National Bank in February, 1958, Carl Scheer had 20 years' experience in the consumer finance field.

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Robert William Keenlyside, Superintendent of the **Toronto-Dominion Bank, Toronto, Canada**, died Sept. 18, at the age of 48.

* * *

At a meeting of the Court of Directors of **The Chartered Bank, London, Eng.**, an interim dividend was declared for the current year at the rate of 7½% actual, subject to the deduction of income tax at eight shillings and six pence in the pound, payable on and after Sept. 26.

An extraordinary general meeting of the stockholders of The Chartered Bank will be held on Wednesday, Oct. 8, to consider a recommendation of The Court of Directors that the authorized capital of the company be raised from £4,400,000 to £5,000,000 by the capitalization of £600,000 being part of the sum standing to the credit of the Reserve Fund, to be applied in paying up in full 600,000 shares of £1 each and to the issue of such shares to the existing stockholders proportionately to their holdings of stock.

It is proposed to convert the new shares as they are issued into stock which will rank *pari passu* with the existing stock, the new shares qualifying for the final dividend declared in respect to the present year but to carry no rights in respect of the interim dividend which has just been declared. If the stockholders assent to the capitalization of £600,000 it is the intention of the Court of Directors to restore £400,000 of the reserves thus capitalized by transferring the latter sum from Reserves for Contingencies Account to the Reserve Fund.

Exch. Firms Govs. to Meet in Boston

BOSTON, Mass.—The Board of Governors of the Association of Stock Exchange Firms will hold its fall meeting at the Hotel Somerset, Boston, on Oct. 6 and 7, it was announced by Robert J. Lewis, Estabrook & Co., President. Henry Hornblower, II, partner in Hornblower & Weeks and Boston Governor of the Association, is in charge of the arrangements.

The two-day meeting of the governing body of this national trade association representing stock brokerage firms holding membership in the New York Stock Exchange is the third to be held this year in major metropolitan centers throughout the country. Business sessions will be devoted to discussions of current problems in the stock brokerage business.

A reception and dinner at the Museum of Science on the evening of Oct. 6 will highlight the meeting program. On this occasion the Board will be joined by top officials of industrial companies and representatives of banks, insurance companies, New York Stock Exchange member firms and other financial institutions in Boston and adjacent area. General Robert Cutler, Chairman and Director of the Old Colony Trust Company and former Special Assistant to President Eisenhower for National Security Affairs will be the principal speaker.

The New York Stock Exchange is to be represented at these meetings by Edward C. Werle, Chairman of the Board of Governors.

Form Alan Affiliates

FOREST HILLS, N. Y. — Alan Affiliates Corporation has been formed with offices at 103-11 68th Drive, to engage in a securities business. Officers are Irving Alan Segal, President and Treasurer; Shirley Segal, Secretary, and Daniel Epstein, Vice-President.

J. E. Price Cotton Co.

TUSCALOOSA, Ala.—James E. Price is engaging in a securities business from offices at 418 Greensboro Avenue under the firm name of J. E. Price Cotton Company.

Gray M. Bryan

Gray MacW. Bryan, partner in Reynolds & Co., New York City, passed away on Sept. 15th.

Continued from first page

As We See It

a penalty for this and other settlements of a similar sort to follow.

An Improper Appraisement Basis

There seems to be a tendency to appraise this contract on the basis of whether it is or is not as bad as many feared might come out of the negotiations, or whether or not and by how much it is more or less "inflationary" than the contract under which the men had been working. The mere fact, if fact it is, that the new contract calls for only a relatively few cents an hour in excess of what had been the rule is without very much meaning unless one inquires what the terms of the older contract were and whether they were unsound and unwarranted. It is not to be overlooked that the old contract governed not only what the men would be paid currently, but what they were to be paid in the future. So-called improvement raises and cost of living bonuses and the like all look to the future, and such provisions in the old contract have been carried forward into the new and rates raised.

We can not see how anyone could doubt that labor union agreements of the past few years constituted a powerful factor in the rise of unsound conditions in the economy which were, in part at least, responsible for the recent recession about which so much has been said in official and other quarters. These pacts so raised costs that prices were forced upward, and the intricate relationships in the business world were thrown out of gear. We know of no careful student of events who was not fearful of the consequences of a continuation of the trend that these agreements had helped create. Even renewals of old agreements with the over-liberal promises for the future would have been a serious hazard to sound and enduring prosperity. The real question, then, is not whether the new Ford agreement is much worse than the old one but whether it can be expected to correct an already basically unfortunate situation.

Credit Expansion

Had there not been a vast enlargement of the volume of consumer credit, and a subsidy-fed growth in mortgage lending accompanied by a large growth in business credit, the economy could not even temporarily have withstood the strains imposed by such factors as these. Even this extension of the credit volume could not keep the rather dizzy pace going, and a mild recession set in which should have been permitted to "clean up" the situation at least in substantial part and thus laid a basis for a resumption of sound expansion in business. Such readjustments appear, however, to have been neglected for the most part—thanks to our various anti-depression measures and to laws which render the unions exempt from laws which govern all the rest of us.

It is in light of facts such as these that the Ford agreement begins to take on a rather different appearance. The contract is a complex document, and we, of course, do not have the information which would enable us to make any estimate of our own about the additions to costs of making cars that it will entail. Estimates run as high as 60 or 70 cents per hour per worker. If anything approaching this figure is actually reached, it is foolish to suppose that improvements in "productivity" will match it—and that is not taking into account the fact that these improvements in "productivity" are usually attained by means of improved and more expensive equipment which costs large sums and entails financial costs of no mean magnitude.

Of course, the new contract retains the old cost of living adjustment scheme which in itself is wholly unsound. Not only is it essentially unsound, but if widely employed in industry would be almost a positive assurance that wages would have to be constantly adjusted upward. There is no way, of course, whereby the people as a whole can adjust their income to changes in consumer prices and thus ensure themselves of constant purchasing power—except, of course, by producing the goods in the right proportions and in adequate quantities, in which event no such adjustments would be needed. And, parenthetically, let it be stated at this point that total output and merely output per hour of work are two wholly different things.

Federal Reserve Action

We have no doubt that just such considerations as these led the Federal Reserve authorities to tighten credit conditions. If they should stick to their guns—and insist that the Treasury get its funds as best it could in competition with private business—the results might well be hard for the time being, but would at one time or another help bring an end to this continued purchase of labor peace by means which are not economically sound. The trouble—or one of them—is that there is very substantial New Deal and war inflation left in the credit system, which is largely beyond the control of banking authority. In any event, it would be costly to make use of the central banking system to correct evils which grow out of the monopolistic position of the labor unions of the country.

It seems to us that the time has come—in fact is long past — when the American people can not afford longer to fail to come to grips with some of these underlying economic questions. It is a long hard, arduous task, but postponement will not help. Glowing accounts of such settlements as that of the Ford organization with its workers should not for a moment distract our attention.

Continued from first page

The Outlook for Business

cipitately after August 1957. By April the index had declined from its peak of 145 to a low of 126—a reduction of 13%. But here again the movement was rather abruptly reversed. Since April producers as a whole have recovered close to a half of the ground they previously had lost.

Looking at economic activity very broadly, then, one might say that we have undergone a recession somewhat more deep than any the nation has previously experienced in the postwar period. Yet at the same time, we reached a turning point more quickly and in the initial stage, at least, have come back more rapidly. Certainly the recession has proved a moderate one, and is not to be compared in terms of depth with those that prevailed in the two decades between the great wars.

Nor as I suggested is this the full story. The farmer, whose welfare means a great deal to the Northwest, has done very well in 1958. Likewise, food stores, drug stores and many other service establishments are enjoying record receipts this year. Even the electric power industry (considering the nation as a whole) has generated more kilowatt hours in the first eight months of 1958 than was the case a year ago.

The recession of 1958 has centered especially in the heavy goods industries—in automobiles, appliances, machinery, and the various metals and materials that enter into them. Again for many in the Northwest this has special significance, since this region is a prime producer of aluminum, copper and some of the other nonferrous metals. I suspect that the somewhat depressed state of the aluminum industry is a major reason why power output in the Northwest has continued to lag behind levels of a year ago, notwithstanding the improvement realized in most other areas. Likewise the drop in lumber output has been felt particularly in your region.

Before leaving this examination of the recent past, there remains the $64,000 question: What forces combined to bring about the recession? And even more to the point, can we hope that these forces may be so altered or reshaped as to lead to a new period of sustained recovery?

Recession's Causal Factors

I believe that it is fair to say that four developments were initially responsible for the downturn in 1957. They might be summarized as follows:

First, defense spending was cut back temporarily by the Federal Government after mid-1957. This was a development of which many of you had first-hand knowledge, since it was felt immediately in the great aircraft plants of your area.

Secondly, and of more lasting significance, business across the country began to reduce its capital expenditures. Outlays fell from an annual rate of $38 billion in third quarter 1957 to a current rate of about $30 billion—a sharper decline than most observers anticipated a year ago.

Thirdly, U. S. exports also dropped rather markedly. They had been inflated by the Suez crisis in late 1956, so some reaction was inevitable.

And **fourthly,** with demand falling off in a number of lines, inventories held by many firms became excessive. In the summer of 1957 business was still adding to its inventories at a rate of about $2 billion annually. By the early part of this year, however, business had moved to liquidate inventories at a record rate of $9½ billion a year.

This swing in inventory spending, amounting to almost $12 billion yearly at its maximum, was the largest single factor contributing to the decline in industrial output and employment. It fell particularly heavily on metal and raw material suppliers, as buyers cut their orders and lived in part off of accumulated stocks. However, the rate of liquidation became so heavy that it clearly could not last indefinitely. Already in recent months there has been some improvement in inventory buying, and this has been a major factor acting to expand output in industries like steel, chemicals and to some extent in lumber and non-ferrous metals.

Consumers' Spending and Spending Changes

One further development bears special mention, and that is the behavior of the consumer. All in all the consumer again has proved a source of strength during a period of recession. At no time did over-all consumer spending fall much more than 1% below the peak in 1957 and today it actually has climbed to an all-time high. Revenues from household customers, for example, are larger today than a year ago.

Perhaps I should mention in passing that consumers have again had assistance in maintaining their incomes during a recession by action of the so-called "built-in stabilizers." Payments for unemployment insurance were expanded, and many older workers retired to accept social security. Expenditures by Government for these and similar purposes rose by $5 billion in the past 12 months. Needless to say, this went a long way to offset the drop in incomes which resulted from growing unemployment.

While consumers have maintained total outlays very well, they have also altered the pattern of their spending in a manner which has produced some rather profound consequences for certain industries. I have already mentioned the most important of these: namely, the tendency to spend less on automobiles and other durable goods, while increasing outlays on food, drugs and a number of services. Buyers turned out to be unusually cautious about Detroit's 1958 models, and sales for the year have run at a rate of less than 4.5 million, down more than a fourth, and the lowest for any year since 1952. This sizable decline must be classed as one of the major surprises of the past year, and it added to the troubles of many raw material suppliers.

Looks Into the Future

So much then for the recent past. What now can we say about the future? Is it likely to be a period of renewed boom, with inflation again a major problem, as the behavior of the stock market at times in recent weeks has seemed to imply? Or could it turn out that we may experience only a brief recovery, followed by a rather lengthy period of semi-stagnation, as certain analysts still are insisting? Or again, could the future fall somewhere in between these extremes, permitting the American economy, for a spell at least, to behave in moderation?

It is given to none of us to see into the future clearly. Yet I believe it is possible to discern certain trends that throw into broad outline the probable shape of the economy through 1959. First, we might ask if any forces loom on the horizon that might supply the spark for a renewed expansion. The answer, it seems clear, is that there are, and that these might prove powerful enough to create a more extensive recovery than had been anticipated early this year.

For one thing, the stage has gradually been set for a rather substantial rise in Government spending. In the first half of this year budgetary outlays of the Federal Government were at a rate of $73 billion annually. Estimates for a year hence look to a rate that is close to $80 billion. Add to this a further expansion in state and local outlays—for highways, schools and the like—and one comes up with an over-all advance in Government spending that might run to $8 or $9 billion by the end of 1959. That in itself could have a noticeable impact on the nation's economy.

And then there is the matter of inventories. We have already experienced some improvement in that direction, as I have previously indicated. But the day will come when business again feels it necessary to shift from liquidation of stocks to a policy of accumulation. The timing of such a shift is very hard to estimate. It could happen as early as the final months of the current year, but if not then it should certainly occur sometime in the first half of 1959. I need only recall that such a shift implies an increase in business spending of $10-$12 billion from its low point in 1958.

Well, you may agree, these are clearly developments that should make for expansion. But what about all the excess capacity we see about us? Will it not prove a drag on any recovery? Certainly excess capacity is a problem, and it will continue to be one for many industries through much of 1959. And yet business already has reduced its capital outlays very sharply—so much so that the major adjustment in that area probably is behind us. It is well to remember that more than half the capital expenditures made by business are for modernization and improvement, rather than for expansion. The drive to cut costs by the introduction of new equipment remains a very powerful one. It is perhaps for this reason that recent surveys suggest that sometime soon—and most certainly in 1959—we shall begin to see a reversal in the trend of capital spending.

Thus far I have said nothing about prospects for the consumer—the ultimate arbiter for most business decisions. What can we expect in that area next year? It seems probable that with greater employment and larger incomes, consumer spending will continue to move higher in 1959. I suspect that soft goods and most service industries will capture a good share of this improvement. The main uncertainties again will center around major items like autos and appliances.

For the automobile industry we are assuming a moderate comeback in 1959. I should warn, however, that our record for forecasting auto sales has been a rather dismal one—a distinction which unfortunately we share with most other forecasters! Nevertheless, the industry batted far below its average in 1958 and some improvement seems inevitable. Normally, Americans might be expected to purchase 5½ to 6 million new cars a year. For the moment we anticipate that this level will not quite be reached in 1959, but we could be wrong.

Housing Prospects

A word about housing. Fortunately, I can be relatively optimistic on this score. Housing construction — and the lumber industry itself — have already turned the corner in recent months. Starts of new residential units climbed to a rate exceeding 1.1 million units annually in the June-July period — the best in more than two years. I would expect this recent rate to be held in 1959. Although mortgage credit may turn less plentiful as the year progresses, it certainly should be adequate to support the building of 1.1 million new units. As you can see, this would add up to a moderately strong year for new housing, although one that still fell short of the peak in 1954-55. I doubt that any new records will be set in housing until the number of new families begins to increase at a faster rate as we move well into the 'Sixties.

Now, how does all this relate to appliances? It points to a better year for appliance sales — both because of more new housing and because of higher consumer incomes. Items that still have a relatively low saturation — like dryers and air condtioners—may do unusually well. Sales of refrigerators and ranges, on the other hand, while showing definite improvement, are likely still to fall short of previous peaks.

Anticipates Definite Improvement

We have touched a great many bases. How do they all add up? I believe the trends point to a decided improvement in business in 1959—an improvement which I would hope would carry over into 1960. Certainly the economy should pass its previous peak, as measured by the Gross National Product, either late this year or early next year.

At the same time, however, we must not forget that our nation is continually growing. Each year we not only add three million to our population, but the flow of new workers swells the labor force by 800,000 or more. Moreover, from mid-1957 to mid-1959 business probably will have spent close to $65 billion on new plant and equipment. Thus our sights are constantly being pushed higher. A gain of $40 or even $50 billion in our Gross National Product from the low point in early 1958 to late 1959, which is certainly within reason, might still fall short of full employment.

Unemployment and Inflation Problems

I suspect, then, that unemployment may still be a problem through much of 1959, in spite of very definite progress. But we shall be moving in the right direction, and the signs should be favorable for 1960.

So now let us turn to another side of the economic scene—one that has been in the news a great deal recently. I refer to the matter of prices. Again, what are the prospects? Are we setting the stage for a new wave of inflation? There certainly is an air of expectancy that this may be the case, both in Washington and among many investors. And yet I should like to raise a flag of caution.

Much depends, of course, on just what is meant by the term "inflation." That is a very difficult thing to pin down. In the immediate postwar period, from 1945 to 1949, prices rose on the average by more than 7% a year. This of course reflected pent up forces born of the war, including a huge increase in the money supply. During the Korean War, from 1950 to 1952, prices rose close to 4% a year. But again that conflict helped generate pressure on commodity prices all over the world. More recently (since 1954) prices have risen on the average a bit less than 2%—1.8% to be exact. True the advance has been greater in some years: it amounted to an average of 3% in 1956-1957. But it has been less in other years.

What are we talking about when we speak of inflation? It has seemed to me that some commentators (and perhaps some investors) have been thinking in terms of a rather persistent rise in prices on the order and magnitude of that which occurred at the time of the Korean War—say 4% or more. If that is the case, I cannot go along with them.

We are prone to forget that conditions today differ in many significant respects from those which prevailed earlier in the decade, and indeed even in 1955 and 1956. For one thing, the pressure on the nation's resources no longer is as great as it was. Deep backlogs of unsatisfied demand for items like automobiles, housing and appliances have gradually been whittled down. Moreover, the ability of industry to meet demands has been greatly enhanced. Today the nation holds five million unemployed, as well as substantial excess capacity in many raw material and manufacturing lines. While these margins will be reduced as recovery proceeds, they constitute the largest potential for rapid expansion which the economy has possessed since the 'Thirties.

Likewise, on the financial side the huge liquidity built up by business, banks and even consumers during the war has been greatly reduced. Put in another way, the nation has grown up to its enlarged money supply. At the same time, the steady move to easier credit terms — which meant so much to buyers of homes and autos in 1955 and 1956—has about run its course.

Less Tendency Towards Inflation

All this points to an economic environment in the future in which it may be less easy to push prices higher. And yet I believe that we must also admit there still will remain some inflationary bias in the American economy. Certainly the experience with labor costs in recent years points in that direction. Over the past decade hourly wages of labor in manufacturing have risen an average of 5.2% a year. Fringe benefits have gone up at an even faster pace. At the same time productivity in manufacturing has increased only 3.8% a year. Costs have thus outstripped productivity, and in doing so have exerted a push on prices. I should emphasize, of course, that the margin by which increased labor costs have exceeded productivity has not been a tremendous one. If productivity continues to expand, the nation can afford higher wages in line with improved efficiency. The problem is to induce greater restraint into the bargaining process so that wage increases are kept within reasonable bounds.

It may be that the changed economic environment will itself lead to a measure of restraint. Unemployment and excess capacity are sobering facts on both sides of the bargaining table. Yet past history is not fully reassuring on this score.

Nor have the efforts of government to control inflationary pressures in the past been overly impressive. Perhaps they could not be when the highest priorities are placed on measures designed to expand employment, and the control of prices becomes a secondary objective. At any rate, the nation in recent years has relied almost entirely on credit policy as a tool for restraint. On the whole that tool has been handled well, but it can't do the job alone. It needs to be supplemented at the top of a boom by an adequate fiscal policy —a policy designed to produce a sizable government surplus so as to curb demand and place a further brake on prices. In the past, at least, the American people have proven unwilling to pay the necessary price.

There is no denying the inherent bias toward some further rise in prices over a period of time in the future. But after balancing all considerations, including the restraining features I mentioned earlier (and assuming no shooting war), I would judge that the price increase in the next few years may well be less than that of the past decade—probably no more than 2% on the average over the course of a cycle, and perhaps even less.

By and large it seems to me that the performance of the American economy over the past year has proved a heartening one. Business and consumers have maintained their poise in the face of great uncertainty. Government, too, did not give way to extremes in spite of considerable provocation. It has now been 13 years since the end of the greatest conflict the world has ever seen. These years have not been normal, in the sense of producing a world of peace and order of the type our nation earnestly desires. Yet our economy has adjusted to the world as it is, and in the process we have managed to avoid any major economic setback.

This is not to say that America is becoming immune to the business cycle. I doubt that we can ever achieve such an objective. Progress never occurs in an even flow, and the cycle is part of the price man pays for progress in a free society. But we have learned to mitigate the effects of the cycle. And we have demonstrated our capacity and willingness to adjust to change. No two cycles are ever precisely alike. As we move forward through the next one I am confident that whatever may be the challenges that finally confront us, we shall surmount them. Americans are both a pragmatic and an idealistic people. It is a combination which in the end should prove unbeatable.

Joins William Tegtmeyer

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Chester L. Gibbs has become affiliated with Wm. H. Tegtmeyer & Co., 39 South La Salle Street.

With Lloyd & De Geus

(Special to THE FINANCIAL CHRONICLE)

JOLIET, Ill.—Robert H. Johnson is now with Lloyd & De Geus, Rilato Square Building, members of the Midwest Stock Exchange.

Form M. H. Woodhill, Inc.

M. H. Woodhill, Inc. has been formed with offices at 9 Maiden Lane, New York City, to engage in a securities business.

John H. Hawkins

John H. Hawkins, Vice-President of Amott, Baker & Co., Incorporated, New York City, passed away on Sept. 15th.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

The stock market has been good to the fire-casualty insurance stocks during its present uptrend, particularly to those companies that carry fairly good proportions of equities in their portfolios, for the mid-year statements reported sizable bulges in portfolio valuations. The bond-holding units, on the other hand (especially those with long maturities) have had some rough going as the high-grade bond market eroded, with bids absent on some occasions.

In some cases the portfolio appreciations were of such size as to nearly offset the shrinkages of the year 1957; and we all know what happened to security values in that year.

Another welcome development was the increase in investment income in the 1958 first half. Not all units reported better results in this end of the business, but many did; and it is a little surprising in view of the fact that many corporations cut dividend payments in the period. Some of the increase comes out of the stepped-up premium volume, which gave the companies generally larger funds with which to work in the investment market. Probably, without this greater volume of premium writings investment income in the first half would not have done any better than in the like period in 1957.

We have prepared a tabulation showing, first, the portfolio changes, plus or minus, for this year's half, versus the 1957 period; and, secondly, the percentage increase (or decrease) in investment income in this year's half compared with last year's first half, the portfolio figures in thousands:

	Portfolio —Gain or Loss—		Increase or Decrease in Investment Income, 1958 half over 1957 half
	1957	1958	
Agricultural	— 96	+ 1,299	+ 1.8%
Glens Falls	+ 653	+ 2,516	+ 5.8
*Home Insurance	— 583	+22,862	+ 7.3
Insurance Co. of N. A.	+2,934	+41,959	+ 0.3
Maryland Casualty	— 160	+ 6,480	+ 8.0
National Union	—1,021	+ 3,415	+ 1.1
New Amsterdam	+ 16	+ 1,903	+22.9
Providence Wash.	— 41	+ 1,075	— 5.0
St. Paul Fire	+1,446	+11,073	+ 1.5
Seaboard Surety	+ 167	+ 984	+ 3.5
U. S. F. & G.	+ 487	+12,164	+ 8.9
Pacific Insurance	— 135	+ 1,045	-----
Aetna Insurance	+2,544	+ 6,015	+ 3.9
Bankers & Shippers	+ 5	+ 817	-----
Federal Insurance	+1,027	+ 6,322	+11.9
Fidelity & Deposit	+ 431	+ 2,630	+13.6
Merchants Fire	+1,863	+ 4,620	+17.0
Camden Fire	+ 129	+ 1,645	+ 4.7
American Insurance	—6,828	+ 7,943	+ 3.5
American Auto	— 434	+ 1,957	— 6.9
Continental Casualty	+2,722	+ 9,513	+16.0
Fire, Fund	+ 116	+13,271	+ 7.1
General ReInsurance	+1,230	+ 3,638	+ 9.0
New Hampshire	+ 828	+ 2,662	+34.9
Northern Insurance	+ 177	+ 2,792	+ 8.9
Standard Accident	+ 9	+ 1,710	+ 4.6
Continental Insurance	+6,548	+32,188	+34.5†
Fidelity Phenix	+7,723	+26,122	+16.4
Phoenix Insurance	+ 999	+ 8,239	+ 3.8
National Casualty	+ 126	+ 791	+ 7.9

*Consolidated data. †Not comparable with 1957 half as Firemen's Insurance was not in Continental fleet in 1957.

Another area in which these companies are showing up less unfavorably, if we may use that term, is in Federal taxes. While this is a negative aspect, it does save money for the carriers. Of course, the income from investments is taxable, and so would be any statutory gain. But there was no statutory gain in many, many cases, and hence no tax on underwriting results. Indeed, many companies will claim carry-backs and get refunds.

The change in the unearned premium equity does not come into the picture as far as Federal taxes are concerned. It is true that the accepted practice is to allow an equity in the change in this reserve in calculating so-called adjusted underwriting results, but such equity is by no means cash in the till and hence is not subject to income tax. The equity is really an arbitrary figure, usually 40% in the case of a fire company; 35% for the multiple-line casualties.

Some companies by virtue of their better-than-average performance underwritingwise are entitled to a higher equity figure. These arbitrary figures are used because it is assumed that the outstanding writings could be re-insured, or could run to maturity more-or-less at that profit to the stockholder.

Continued from page 12

How Government Spending Affects Prices

copper, fluorspar, lead, manganese, mercury, nickel, natural rubber, tin, tungsten, and zinc.

Government-Induced Standards

As an important employer of labor, the government determines the wage rates and working conditions of a sizable part of the labor force. In specific industries, the government is a major factor, while in others it is quite minor. Government employees (state and local as well as Federal) constitute over one-third of all shipbuilding workers, two-thirds of education workers, but only 1% of those engaged in manufacturing and less than one-third of 1% of those in agriculture.

The government also sets certain labor standards for the work on the contracts it lets. The Walsh-Healey Act requires that every Federal supply contract in excess of $10,000 include stipulations calling for (1) the payment of no less than prevailing minimum wages "for persons employed on similar work or in the particular or similar industries or groups of industries currently operating in the locality," as determined by the Secretary of Labor, (2) overtime pay at the rate of time and one-half for hours worked in excess of eight a day or 40 a week, (3) restrictions on child labor and convict labor, and (4) minimum safety and health standards.

The Government as Seller

Through changes in the volume of goods and services it sells to the public, the government can affect the aggregate level of prices. For example, sales of commodities from government stockpiles during a period of shortages can dampen or prevent price rises. Conversely, the government can support the general price level during a period of surpluses by halting or reducing the level of its sales of commodities to the public.

In a more specific way, the government may affect the costs of business firms, the prices they charge, and the demand for their output by its own pricing policies on the items it sells. In addition, intragovernmental sales reduce the government's demand for private production.

Government Sales to the Public

Under a large number of programs, the Federal Government produces or buys goods for sale to private purchasers. For some of these programs, the government establishes unilaterally the prices at which it sells and, hence, determines the cost of these items to private industry. To the extent that these government prices are below comparable commercial rates, an element of subsidy is involved and private sales may be diminished and the allocation of resources may be influenced.

Sales to the public of materials and services which the goverment itself produces are many and diversified. Some of the better known include materials provided by the Atomic Energy Commission, power from the Interior Department projects, publications of the Government Printing Office, and mail delivery by the Post Office. In other cases, the government may sell commodities which it has previously purchased from private firms, such as mineral and agricultural commodities.

The Post Office is, of course, a government monopoly where the price is set unilaterally by the seller. Rates are determined by the Congress as a matter of public policy, rather than in direct relation to cost or other market factors. An exception exists in the case of parcel post, which is the one major element of postal service that is competitive with private enterprise. In this area, the Post Office rates are subject to the approval of the Interstate Commerce Commission, as is true for the competing commercial trucking companies.

The Government Printing Office is one of the major publishers in the United States, printing and distributing over 100 million books, pamphlets, and other publications a year. The literary output ranges from the perennial bestsellers on infant and child care to works on American history and geography, language instruction, home economics, recreational activity, and scientific studies.

The prices of GPO publications generally cover variable or incremental costs only, such as ink and paper, plus a markup. Fixed costs (preparation of copy and setting up of type) are borne by the agency originating the document.

As an adjunct of its surveying activities, the Federal Government is a major map maker. The Geological Survey, the Coast and Geodetic Survey, and many other agencies prepare various types of maps and charts which are used by the general public, by scientific and professional personnel, and by private mapmaking establishments. In this area, also, the prices charged do not cover the full cost of preparation. The charges made by government agencies are usually limited to incremental costs.

Some governmental sales activities are designed to make the results of research and development available to the public. Radioisotopes are sold by the Atomic Energy Commission to private business firms. These redioactive byproducts of atomic energy activities are used in the cigarette, oil, paper, and other industries, primarily as density, thickness, and related gauges. The annual reduction in business costs arising from the use of radioisotopes has been estimated to be between $300 million and $500 million a year and to be rising steadily.

In addition to affecting the costs of private purchasers of goods and services from the Government, governmental pricing policies may influence the pricing policies of private firms producing the same or similar goods and services.

There has been considerable controversy over whether TVA's power rates involve an element of subsidy, inasmuch as part of its facilities can be charged off to flood control. When governmental production is supported by tax revenues, there may occur, in addition to any displacement or curtailment of private enterprise, an increase in business costs resulting from taxation to cover the subsidy.

Federal power programs also involve an element of choice among prospective buyers. Preference clauses on Federal power projects require that States, counties, municipalities, and cooperative organizations be given first choice. As a result, the bulk of Federally-produced power available to non-Federal users is purchased by publicly-owned power systems.

Moreover, under its "sole supplier" clause, TVA requires all of its regular utility customers to take their entire supply from its facilities. Such requirements prevent the distributors from constructing generating facilities of their own. As a result, only two small privately-owned utilities distribute TVA power; the bulk is handled by local public agencies.

An important but indirect effect on private costs may occur when the Government markets public debt securities. The Federal debt comprises such a substantial portion of the total debt of the economy, that the interest rates paid by the Treasury affect the cost of private borrowing. However, the market influences the rates at which Treasury securities are sold.

Governmental Provision of Goods And Services

The Government itself produces much of the goods and services that it requires for its own operations. To the extent that these requirements could be met from private sources, the demand for private reduction is reduced.

A recent inventory of commercial-industrial activities which the Federal Government conducts to provide goods and services for its own use indicates the wide variety of such operations. It was reported that 19,321 installations were beng operated with capital assets estimated at $2,990 million and 266,000 employees. No data were reported on the value of production at these installations.

The bulk of investment in such government installations is in 357 military units. Navy shipyards account for more than $1.5 billion of the assets reported and 113,000 of the civilian employees shown. The manufacturing of ordnance and accessories, largely by the Army, accounts for over $650 million of the capital assets and for more than 45,000 civilian employees.

The next largest category in terms of capital assets and employees and the largest in terms of number of installations is transportation, communication, and other public utilities. The major item in this category is gain storage bins for the Commodity Credit Corporation. The General Service Administration also has a large investment in storage facilities, primarily for the stockpiling of strategic and critical materials.

Other major types of civilian production carried on by the Federal Government include construction by the Corps of Engineers and TVA, custodial work performed at Post Offices and other government buildings, Veterans Administration laundries, radio broadcasting facilities of the U. S. Information agency, helium plants of the Bureau of Mines, shipyards of the Coast Guard, and work of the Federal Prison Industries, Inc.

It is difficult to determine the extent to which goods and services produced by these government enterprises would be made available by private industry at the times and locations and of the types required. From time to time, representatives of private industry have claimed that adequate private facilities do exist.

The Transportation Association of America has claimed that there is a tendency on the part of the Federal Government to purchase transportation equipment to move its own goods and personnel instead of using the services of available privately-owned for-hire carriers.

The Government as Promoter

In addition to affecting private price formation directly through its market actions as buyer and seller, the Federal Government can exert an important influence through other programs. Governmental expenditures for subsidies, loans, facilities for use by business firms, and developmental purposes all can affect costs of business firms, increase the demand for their output, or otherwise alter their price policies.

Subsidies and Related Payments

Some of the types of government spending programs discussed above may involve elements of subsidy to business firms and agricultural units. These include governmental purchases of commodities at higher than market prices and sales at lower than commercial rates. In contrast, this section covers governmental transactions which are neither purchases nor sales but which are designed to influence private production, investment, and price decisions. Federal subsidy programs include payments to marginal high-cost producers to obtain increased production as well as across-the-board payments to all producers of the subsidized commodity.

A major category of Federal subsidies is in the form of payments to farmers for following a prescribed course of action, often one which they would not pursue in the absence of the government payments. The agricultural conservation program (ACP), the disposal of surplus agricultural products, the Sugar Act program, the Wheat Agreement program, and the soil bank are representative programs in this category.

Under the ACP, the Agriculture Department pays a cooperating farmer a portion of the cost of various types of conservation practices. A major part of the funds has been spent for materials and practices that raise current production, such as fertilizers and cover crops. To the extent that the participating farmers would not engage in conservation practices in the absence of these payments, the ACP program affects investment and production patterns of agriculture.

The Agriculture Department encourages the export of wheat by paying exporters the difference between the selling prices prevailing under the International Wheat Agreement and the domestic market price of wheat. The Commodity Credit Corporation announces daily rates of export payments. Knowing the payment rate, American exporters can sell within the agreement price range to importers in countries with an open agreement quota.

The Sugar Act program is another instance of government spending being utilized to effectuate regulatory activity. Payments are made to producers who abide by the marketing allotments established for sugar beets and sugar cane. Qualifying farmers must also pay wage rates no less than those determined by the Secretary of Agriculture to be fair and reasonable and must abide by restrictions on the use of child labor.

The program for the disposal of surplus agriculture commodities is devoted principally to perishable farm products not receiving direct price support. Subsidy payments are utilized to encourage the sale of these surplus commodities. Export subsidies are paid to cover the difference between the domestic prices and lower world prices. Diversion payments enable processors to purchase surplus commodities on the domestic market, direct them to byproducts and new uses, and sell them at lower prices comparable to those of competing products.

Under the soil bank program, farmers are paid to reduce certain types of agricultural production. Farmers who enter into contracts with the Agriculture Department for removing cropland from production and establishing long-range conservation practices receive payments for instituting the practice and annual payments for the duration of the contract. Farmers who reduce their acreages of the basic commodities below acreage allotments are compensated under the acreage reserve program.

Another area of private production subsidized by Federal payments is mining. Under the Defense Production Act, the Federal Government made subsidy payments to producers of aluminum, copper, and zinc. Copper and zinc subsidies were paid to keep in production those marginal mines which would have gone out of production as a result of increased costs and fixed ceiling prices. Subsidy contracts were terminated on removal of copper and zinc from price regulation in 1953. The aluminum subsidies covered the high cost of supplying power to the marginal facilities reactivated during the mobilization period.

Governmental subsidies are also paid to private firms in the transportation field. The Maritime Board encourages the maitnenance and development of the American merchant marine by subsidizing domestic ship construction and ship operation. Construction and operating-differential subsidies are paid to cover the differences in the relative costs of building and operating ships in the United States and in foreign countries.

The Civil Aeronautics Board fixes rates for the transportation [illegible] to promote the development of air transportation, the postal service, and the national defense. To the extent of the carriers needs, some of these rates include an element of subsidy. Since 1953, the subsidy has been charged directly to the CAB, rather than to postal funds.

All of the domestic trunk lines and certain international routes are currently operated without benefit of subsidy. Local service, helicopter, and territorial operations, however, are still receiving subsidy. Historically, these subsidies have had a key role in establishing the commercial airline industry.

Loans

The Government may affect business costs and the allocation of resources through its lending programs. Where Federal credit is provided to business firms at interest expense of the recipients is reduced. To the extent that the Government provides credit to firms which would otherwise be unable to obtain credit, the recipients may be enabled to undertake various investment or operating activities they would otherwise have to forego.

The Rural Electrification Administration has been lending to cooperatives at 2% interest, a rate considerably below commercial rates for money of comparable term. In reducing the cost of loanable funds, the REA thus encourages investment in agriculture. The Farmers Home Administration makes loans to farmers who otherwise would be unable to obtain credit. By law, emergency crop and feed loans by the FHA are limited to marginal borrowers — farmers "who cannot obtain loans from any other source."

In contrast, the Farm Credit System was organized to set standards for interest rates, terms, and credit services for farmers generally. The Federal Land Banks, one of the constituent agencies, introduced long-term amortized loans to farmers on a nation-wide basis. At times, the Land Banks have led the field in adjusting interest rates downward.

The Housing and Home Finance Agency provides loans at 2¾% to colleges for the construction of dormitories and related facilities. The low interest rate virtually has eliminated all private investors from the college housing field, an area where private funds had been available to the larger educational institutions.

Provision of Facilities

The Federal Government provides and maintains a considerable array of facilities which are used by private business firms at nominal or no charge. The largest of these programs are in the transportation field.

No tolls or other charges are made for the use of domestic waterways improved and maintained at government expense. As a result, the rates charged by common and contract carriers using these facilities do not reflect the entire cost involved. In some instances, water transportation appears to be less expensive than other forms of transportation. This tends to place it at a competitive advantage and to result in an allocation of traffic that is not based on real differences in transportation costs.

Government expenditure making available new transportation routes may affect the movement of traffic, even though charges levied reimburse the original government outlays. The St. Lawrence Seaway currently under construction is expected to have a considerable impact on the transportation of grain, despite the requirement for tolls to cover costs. A recent study at the School of Business of the University of Indiana estimates that by the 1960's the Great Lakes ports may obtain 50% of the grain business now going to Atlantic ports and 30% of that going to Gulf ports.

The Federal-aid highway program, operated on a grant basis to state governments, is another example of government expenditures for transportation facilities for private business and other uses. It is open to question whether the Federal excises on gasoline and related products paid by the specific types of users relate the cost to the use or benefit obtained by each group, such as truckers.

It is clear, however, that improved transportation facilities result in savings to business from reductions in time of haul and in the operating costs of vehicles. Moreover, new transportation facilities open areas formerly inaccessible or not readily accessible, increasing property values and industrial development.

Typically, one of the first effects of highway construction is an increase in adjacent property values. The value of some typical areas adjacent to the New York Thruway rose from $700 an acre before construction to $6,000 an acre after construction. Plants representing a total investment of $150 million were erected adjacent to the Thruway even before the highway was finished.

In the case of air transportation, the Federal Government maintains airways at no charge to the user. The Civil Aeronautics Administration operates aid traffic control centers, airport control towers, domestic and international aeronautical communications stations, and various other aids to air navigation.

The Federal Government has also provided facilities to private businesses engaged in production on government contracts. The bulk of the production facilities of the airframe industry, for example, is furnished by the Government. This government investment has a number of effects. It enables the private firms to engage in a much larger volume of production than would be possible without the government-provided facilities. In turn, the prices charged the Government for production at facilities it provides are lower than would be the case if they were to cover the amortization of an equivalent amount of private investment.

Research and Assistance

By developing new products, sources, and demands the Government can affect the costs and production of private business firms. Such governmental programs of research and assistance are numerous.

The Department of Commerce and the Small Business Administration offer many services to businessmen. These aids include scientific information, arranging for free use of government-owned patents, assistance in developing new products, counsel on how to expand markets, advice on efficient methods of management, and information about Federal procurement and surplus disposal plans.

The Department of Agriculture conducts a variety of education, demonstration, and technical assistance activities designed to reduce farm costs and improve farm methods. Strip cropping, which was relatively unknown before the 1930's is now spread widely over some of the dry-land farming areas that are subject to wind erosion. Terracing and contour farming have been introduced into some hilly areas where they are appropriate for conservation. Cover crops and crop rotations are used more widely.

Although military research and development programs are not undertaken because of their civilian applications, many of the results have been used commercially. New or improved civilian products resulting from these programs include the following: high data capacity machine records systems (Minicard); dry photographic processes (Kalfax, Electrofax); anti-motion-sickness drugs; advanced electronic components such as sagnitrons, silicon transistors; thin-flat television display tubes; mechanical smoke generators for crop protection from frost; radiation preservation of food; jet and turboprop aircraft engines.

In a broader sense, the developing atomic energy industry can be said to be a result of military research and development. The Atomic Energy Commission has made available to private industry much of the basic information required for the peaceful application of nuclear power. In addition to support through purchase and sales programs, the Commission has provided fundamental cost and technological data for corporate planning.

Some government spending is designed to affect specific private demands. An extreme case is furnished by the outlays of the U. S. Saving Bond Division in the Treasury Department, whose sole aim is to encourage the purchase of U. S. savings bonds. To the extent that this program is effective, it influences private decisions on both consumption and investment.

Conclusion

This paper attempts to indicate the vast array of mechanisms through which government spending can influence private price formation. The above survey shows that a great many government programs, directly and indirectly, intentionally and unintentionally, affect the price levels of the economy.

As a purchaser of goods and services, the Federal Government can affect price levels in such varied ways as the following:

(1) It can establish a floor under the prices of specific commodities by guaranteeing a market at the support price.

(2) It can strongly influence the prices of many commodities through its dominant position as the major customer.

(3) It can affect the labor costs of business firms by setting wage and other working standards in its contracts and through its position as a major employer of many types of skills and professions.

(4) Under conditions of relatively full employment, it can cause general price increases through bidding against business firms and consumers for available goods and services or even through "announcing" that it intends to increase its volume of purchasing.

Similarly, the Federal Government can affect price levels through its position as a seller of goods and services.

(1) It can set the price at which it sells specific commodities, often thus establishing a ceiling on their prices. When combined with purchase programs, the Government thus can determine the prices for these items charged by all sellers.

(2) When it is in a monopoly position, the Government, of course, can set the price unilaterally and, hence, determine the cost to private firms.

(3) It can sell to certain classes of buyers at less than market prices, thus reducing their costs compared to buyers who obtain the items from commercial sources.

(4) It can produce and sell goods and services for internal government use, thus reducing markets for private business firms.

The Federal Government, through its expenditure programs, can affect private price policies in other ways:

(1) It can lend funds at lower than commercial rates, thus reducing the interest costs of the recipients.

(2) It can lend to recipients who otherwise would be unable to obtain funds, thus enabling them to engage in various investment and production programs.

(3) It can subsidize the private production or sale of goods and services which private firms would not otherwise produce or could not afford to sell at the subsidized price.

(4) It can provide facilities to private firms to enable them to engage in production. These facilities may not be provided commercially or only at higher rates.

(5) It can make available to business firms the result of the research it conducts and it may provide other information and assistance to reduce costs and increase efficiency.

(6) It can encourage the public to purchase certain types of goods and services, thereby altering the structure of demand.

In some basic sectors of the economy, notably agriculture and mining, government programs often exercise a decisive influence on prices. In contrast, government spending programs exercise insignificant impact on retail and wholesale trade.

In other sectors, such as manufacturing, Government programs have varied impacts on prices. In the aircraft and shipbuilding segments the Government is a major factor; however, neither government purchases nor sales are an important factor in the manufacture of food, apparel, furniture, and related programs. Similarly, while government programs have an important influence on the demand for medical and educational services, they have little impact on other service areas, such as personal services, repair services, and business services.

If any single conclusion emerges, it is that the price effects of the Government's combined role as buyer, seller, and promoter are so diverse and important that they need to be considered in formulating and reviewing government programs.

With Daniel Reeves Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Ralph E. Zimmermann has been added to the staff of Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Pacific Coast Stock Exchanges.

Wilburn F. Preston

Wilburn F. Preston, associated with Tobey & Kirk, New York City, passed away Sept. 15th at the age of 79.

Securities Salesman's Corner

By JOHN DUTTON

Some Selling "Tips"

All of us can learn MORE. The man who recognizes this is always growing and improving himself. Life should be a constant process of growth and improvement—our business is a part of living. The other day I sat in a sales meeting with the head of our firm and the entire sales organization. We were discussing a certain new issue that we are considering. The pros and the cons were being aired by everyone. A good sales meeting should leave no holds barred. Some of us liked the offering in a luke warm way; several were pretty cold. The boss was for it. He's been right many times, and occasionally, like everyone else, he's been wrong, too.

Our staff are experienced men, most of us have bought, sold, and invested in securities for many years. One of the seniors had his turn, and when he finished the boss tried to answer his objections. After he had made one point, the salesman interrupted him with, "I know what you are going to say." Nonplussed, the boss smiled and said, "O. K., you read my mind, go ahead, tell us what I was going to say." This was all in good spirit and the senior salesman proceeded to expound on what he thought the boss had in mind. When he got through we sat there and the boss said, "All right, now I'll tell you what I *was* thinking about this issue." He went on and explained his views which were entirely different than anything the man who interrupted him had in mind.

The point of the story was that all of us were keenly interested in this little play between two men in a conference meeting. We listened attentively to both of them. But the boss made his point much more skillfully by allowing the interruption and highlighting it with a "you read my mind" remark. It was a lesson in salesmanship right in our own office. The next time you are in a conference and you have such an interruption remember this, say: "All right you read my mind and I'll tell you, after you are through, what I did have in mind, then we'll see how good a mind reader you are." Do it with a smile and watch what happens. It could even work in personal selling to an individual but be sure you make the remark in a jovial and friendly way. Want attention—here's a way to get it.

About Listening

From Kalb Voorhis MSS, Nov. Issue—LEARN TO LISTEN: "One almost certain way of making people feel important lies in your skill as a listener. Develop the skill of listening with your mind, your eyes and your body. Listen intently, Keep your eyes on the speaker's eyes or lips. Lean toward him, anxious not to miss a single syllable. The average person speaks at the rate of 125 words a minute, BUT THE MIND IS CAPABLE OF ABSORBING WORDS AT THE RATE OF 400 A MINUTE. The careless listener uses the EXTRA MENTAL TIME TO THINK OF OTHER THINGS. . . . of what he'll say when the speaker stops . . . of the next call he's going to make . . . his social program for the evening . . . the commissions he might earn if he makes this sale. Control these random thoughts. Think only of what the speaker is saying. Look for DEEPER MEANING BEHIND THE WORDS, searching for fuller understanding of the prospect's true feelings and motivations.

"Good listening is the strongest, subtlest type of flattery you can offer. Good listening enables you to be more effective in the things you have to say for you will be talking on the basis of the things that are most interesting to the prospect."

About Talking

Reduce the speed of your word production. Modulate your voice so that it is resonant and in a lower register. High pitched voices irritate many people. Try and speak in a manner that is gauged to fit in with the outside noises, not too loudly or too softly. Use pauses. Give the other man a chance to digest your ideas. Invite answers and responses by asking questions at the right time and the right place. Don't monologue. Don't speak in a monotonous tone. Don't garble your words. If your prospect starts to wander—stop. Sit. Keep quiet. When his eyes or his face and actions tell you that he's back on the track, begin to speak.

When a man shows you that his mind is wandering you either are speaking too rapidly, monotonously, or about something in which he is not particularly interested, or all three of these faults are showing. People will give you interest after you have their attention. The way to obtain attention is to find a vital interest which they feel deeply. Then dwell on it and speak softly, clearly, slowly, and concisely. Sometimes it takes a friend to tell us our faults. As your wife, your salesmanager, or a good friend if there are some speech irritations that you unconsciously do not realize you have. You may be surprised at the improvement you can make in conveying your ideas to others if you improve your quality and rate of speech.

Miss Rodd Pres. of Municipal Bond Women

Josephine M. Rodd of Goldman, Sachs & Co., has been elected President of The Municipal Bond Women's Club of New York to succeed Justina V. Taylor of The Chase Manhattan Bank, it has been announced. Miss Rodd was Vice-President of the Club during past year.

Josephine M. Rodd

Other official changes announced by the Club were the election of Estelle M. Hanvey of Wood, Struthers & Co. as Vice-President, to succeed Miss Rodd; Angela P. Policriti of The First National City Bank of New York as treasurer, succeeding Louise Bullwinkel of Tripp & Co., Inc.; and Jeanne Skippon of Adams, McEntee & Co., Inc. as secretary to succeed Jane N. Brownell of Chas. E. Weigold & Co., Inc.

Two new members of the board of directors, to serve for two years, were elected: Doris K. Kurtzmann of Robert Winthrop & Co. and Eleanor J. Kube of Spencer Trask & Co. Continuing directors are Miss Taylor; Lillian J. Whelen of C. F. Childs and Company, Inc., and Elaine C. Haggerty of Phelps, Fenn & Co.

Continued from page 13

The Oil Industry Faces The Challenge of Change

pendent tanker owners to move oil on the high seas. At the end of World War II, oil companies owned about half the tankers they needed. Independent shippers supplied the rest. Today, fully two-thirds of the industry's transportation requirements are filled by independent tanker owners.

New tankers—bigger and better tankers to carry crude and products are being built around the globe. And they're being built, in many cases, for non-oil men of many nationalities who have found it profitable to compete in this phase of the petroleum industry.

Inland, but still on the water, oil and oil products last year accounted for about one-third of the traffic on the nation's inland waterways. Here again, technical improvements have increased—rather than lessened—competition. More efficient tugs and barges, and improved towing and handling of bulk shipments, have made water transportation more dependable and economical. The adoption of the modern integrated tow is a major innovation in this part of the business.

Many firms and many people are engaged in transporting petroleum on the nation's 29,000 miles of inland waterways. These firms range from four-and-five-man operations to the large common carriers—companies that employ hundreds of people. Last year, Jersey's affiliate, Esso Standard, used the services of 69 independent transport and towing companies to supplement its own equipment.

Ashore, the nation's 200,000-mile pipeline system transports over 450 million tons of product or crude annually at a cost that's lower today than it was seven or eight years ago. These savings are a direct result of the increased capacity of the system itself, greater relative use of previously installed capacity and improved construction and operating practices. There are some 100 crude oil and product pipeline companies offering transportation to the oil industry.

But moving crude and products is too big a job for any one type of transportation, just as it's too big a job for any one company—or handful of companies. Which brings me to one of the strongest competitors in the transportation field—the truck.

In 1946, trucks carried 89 million tons of petroleum and petroleum products; in 1956 trucks hauled nearly 236 million tons.

The rise of the trucking industry might well be capsuled in the experience of one Pennsylvania trucker I know. In 1930, he drove a truck. Today, he operates a sizable fleet of trucks.

Another change has been in the size of trucks. They have been getting bigger. One of these new trucks does the work of four or five old small ones. Modern trucks are able to load, move, and unload swiftly and economically—day or night. Efficiencies have also been realized by operating this equipment on double and triple shifts. Night deliveries have become commonplace.

Research Emphasized

Change is apparent, too, in one of the most important parts of the oil business — research. Here are being developed the new products, new processes and new uses which have such a direct influence on our plans and operations. In very many ways research is the oil industry's big gun and brains are its ammunition.

The oil industry spent over $231 million last year on research. It employed over 25,000 people in this increasingly competitive phase of the business. The industry plans to spend $245 million on research in 1958 and, while we cannot predict just which of the many research projects will bear fruit, we can be certain that some of them will be successful and will have an important impact on our business.

A truly dramatic shift in product development has taken place in the field of petrochemicals. A short time ago, the industry's chemical business was a sideline. But today, with the development of products such as butyl rubber, polypropylene, fuel and lube-oil additives, alcohols, ethers, aromatics and many others, this stepchild business has become a full-fledged member of the family—and one to be reckoned with. New entries are common in the petrochemical business — the business where it isn't enough to make this product, or that product—merely because it can be done. In petrochemicals, the real leader is the one who finds new products, and new uses for new products.

Throughout all of this moving pattern, we have seen new faces appear in every phase of the business. New capital has made its impact—at home and abroad. New products and new processes have accompanied innovations in marketing, manufacturing, transportation and production. Changes of such magnitude simply do not occur in all industries and are seen in large measure only in industries which are free, energetic and competitive.

Many of the developments I have been discussing have come quickly, and their full impact is yet to be realized. Others have come slowly, in an evolutionary process that was scarcely noticed.

Meeting the Challenge of Change

But with these changes of the past decade has come a challenge—a challenge to all oilmen to recognize and understand the meaning of change. However, to recognize is not enough in this instance. Mere recognition of change has about the same value as mere recitation of change.

For like it or not, change will affect us—individually and collectively—locally, nationally, and internationally. Problems will emerge for each of us as competitive interests clash in the ever-shifting market place. In an industry made up of so many different segments, and where newcomers can and do join our ranks every day, the fellow who thinks he can stand pat is thinking wishfully—if he is thinking at all.

This to me is the main challenge of change. All of us must show an even greater willingness to seek out, test, develop and adopt new methods and new ideas which lower our costs and improve our competitive position. We must be prepared to do this not simply on a one-shot basis but as part of a regular recurring process. And we cannot always wait until something new is a fully proven success, for often, by that time, the proof of its success is the hide of one of us nailed up on a competitor's door. Certainly we should not adopt changes blindly, nor make the mistake of assuming that all change is progress. Yet, I am convinced that each of us in the industry should and must devote more time and effort to searching out and adopting, selectively, improvements in the ways in which we run our business—all the way from the well in the field to the customer's tank.

Dissension and Government Regulation

I think we all know of instances where much energy has been spent futilely in trying to cling to old methods—energy which could have been spent more wisely in looking for the best of the new and putting it to the test of use. Resistance to change has taken many forms — not the least of which has been a tendency to cry out for municipal, state or national legislation for preserving the status quo. While this may look like attempting and easy path to follow to avoid the impact of change, it leads in one direction only—downhill toward the strait jacket of government regulation of our entire industry.

I sincerely believe that much of the clamor to which we have all contributed from time to time during the last 10 years was, in part, a reflection of a negative attitude toward change—a fear of the unknown, if you will. Yet, can any of us after looking back on the last 10 years foresee a static horizon ahead for the next 10? I think not. I feel that a more positive and open-minded attitude toward change, backed by action, would remove many of the fears on which dissent feeds.

There is no doubt that the industry today realizes that recurring dissension has hurt the industry in the eyes of the public and in the eyes of the government. No one likes a noisy, complaining neighbor — no matter what his other virtues may be.

While I am hopeful that an improved attitude toward change will cut down on dissension, I am sure we will always have some disagreements and quarrels to air. Yet we need not accept this as a liability about which we can do nothing. Some of our disputes are a reflection of impending new developments and of the dynamic nature of our industry. They are signs of experiment, of trial and error of competitive innovation and vigor. A totally silent and completely harmonious industry could mean stagnation or aimless drifting in a sea of self-satisfaction. Let us hope we never reach that stage—and I don't think we ever will.

But the way in which we air our disagreements—the picture we present to the public is terribly important. We can present an appearance of internal dissension, recrimination, distrust—a tearing down instead of a building up. Or we can present a picture of progress and change, of virile competition, of willingness to accept the spur of new ideas and new situations of pride in our total industry. I leave it to you which picture is more likely to win friends and respect.

If we can get the right picture of our industry across to the public, to our customers and to our representatives at local, state and national levels with sincerity and conviction, I believe we can look forward to the continuation of a business climate in which we can both serve and prosper. If we cannot—we are in trouble.

Kight With Hill Richards

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Mason E. Kight has become associated with Hill Richards & Co., 621 South Spring Street, members of the Pacific Coast Stock Exchange. Mr. Kight was formerly with Dempsey-Tegeler & Co. In the past he conducted his own investment business in Long Beach.

Joins Kidder, Peabody

(Special to The Financial Chronicle)

BOSTON, Mass. — Frederick E. Thompson has joined the staff of Kidder, Peabody & Co., 75 Federal Street.

Continued from page 3

Establishing a Basis For a Sound Recovery

undermine the developing recovery and plunge us into a worse recession than that from which we have recently emerged.

No one who gives careful daily attention to the financial pages could have missed the appearance of such danger signals—nor have failed to notice that the Federal Reserve has been acting to check them, although its actions have been steady and progressive rather than dramatic and drastic.

The increase in margin requirements ordered by the Board of Governors, effective Aug. 5, amounted to a restoration of the 70% margin requirement that prevailed before a reduction to 50% last Jan. 16. The January reduction was ordered at a time when there had been a decline in the use of credit for purchasing and carrying stocks. The August restoration was ordered to prevent the excessive use of credit for this purpose at a time when the volume of such credit, as measured by stock market customers' debit balances, had reversed course and risen to the highest level recorded since debit balance figures have been compiled.

Increases in discount rates from 1¾% to 2% have been approved by the Board thus far for 10 of the 12 Federal Reserve Banks, since Aug. 15, on recommendation of the Board of Directors of those Banks. Between last mid-November and early May of this year, the discount rates of the 12 Federal Reserve Banks were reduced, in view of the downward course of business and business sentiment over that period, from 3½% to 1¾%, in four stages. The last of those reductions was from a 2¼% level that had prevailed in April's first half. The increase in discount rates since the middle of last month has amounted to a restoration of one-half of the last of those four reductions, in recognition of the change in business conditions and recent manifestations of inflationary sentiment.

Money Supply Reached 8% Rate

Federal Reserve Open Market operations, used in combination with reserve requirement reductions during the recessionary phase to help enable an increase in the money supply that reached the annual rate of 8% in the early months of this year, also have been adapted to the change in economic conditions. Instead of fostering a further rapid increase in the bank lending potential, which might lead to further rapid expansion in the money supply when changed conditions made that no longer appropriate, the Federal Reserve Open Market Committee has permitted seasonal demand for credit to absorb a goodly part of the idle bank reserves that were appropriate to the conditions prevailing in early 1958 but inappropriate to the different circumstances of the present.

There has been no drive to cut back bank credit or the money supply, although attention has been directed to moderating expansion in tune with the changed times. Interest rates, on the other hand, have risen markedly in recent times—chiefly, perhaps, because lenders and investors suffering from almost psychotic fears of inflation in the future — have been reluctant to lend or to invest in bonds carrying a fixed return because of fear that the dollars they get in repayment eventually will be worth less than the dollars they lend or invest today. That is something deserving a second thought by those who have advocated "creeping inflation" as an economic necessity or benefit, and by those who have favored monetary expansion as a means of getting interest rates down. Just ask yourself the question, how ready would you be to lend $100 for 10 years—or even one year—if you expected the dollars you eventually get back would be worth 2% or 3% less each year before you get them? And would you be inclined to accept less interest than you had been getting, or would you want not only the old rate of interest plus an additional 2% or 3% to compensate for the deterioration you feared in the buying power of your dollars when you finally got them back?

Hits Notion of "Permanent Inflation"

The destabilizing force of expectations of inflation can be a very serious thing—for the economy, for the unemployed man who needs to get a job to support his family, and for the municipalities and states, as well as for the Federal Government, which have only one means of borrowing money — the sale of bonds — to raise funds needed for construction of schools, hospitals and like community improvements. The hardest, most tragic way to prove the folly of the notion that there can be any such thing as "permanent inflation" is to let a little inflation snowball into a big one that must in time collapse with consequences heavy in human hardship. The other, more sensible way is to pursue a course that will make for a sound, stable dollar, and thus overcome expectations of inflation by demonstrating they are groundless. It is this latter course that the Federal Reserve, within the limits of its powers over credit conditions, is now pursuing.

In that course, the Federal Reserve will continue in the future, as in the past, its constant practice of adapting its operations to whatever developments occur to help maintain as fully as its powers permit, the soundness of the dollar to the end that we may also have sound growth in business and in employment.

With W. E. Hutton

(Special to The Financial Chronicle)

BOSTON, Mass. — Albert W. Dow, Jr. is now affiliated with W. E. Hutton & Co., 75 Federal Street. He was previously with F. L. Putnam & Co., Inc.

With Hanrahan Co.

(Special to The Financial Chronicle)

WORCESTER, Mass. — Richard L. Long has become affiliated with Hanrahan & Co., Inc., 332 Main Street, members of the Boston Stock Exchange.

Jamieson Adds to Staff

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Simeon Miller has been added to the staff of Jamieson & Company, First National Soo Line Building.

With N. C. Roberts Co.

(Special to The Financial Chronicle)

SAN DIEGO, Calif. — David M. Sellgren is now with Norman C. Roberts Company, 625 Broadway, members of the New York Stock Exchange. Mr. Sellgren was previously with Dean Witter & Co.

Joins Overton Staff

(Special to The Financial Chronicle)

CORONADO, Calif.—Archibald J. Forman has joined the staff of J. A. Overton & Co., 1134 Orange Avenue. He was formerly with Cunningham-Cleland Company.

Continued from page 16

Far Reaching Changes in Housing and Education

only one in nine to practically a circumstance where every eligible young person is in the secondary schools, and where percentially very few of those eligible youth are now in the labor market. In other words, over this past half century, industrial expansion caused by increased productivity per capita and related to it, caused by the steady expansion of the economy in terms of capital investment and related to it, have actually produced such an explosive force that it has pushed the secondary school people out of industry and into the secondary schools.

The secondary schools, therefore, have replaced the apprenticeship or indentured worker concept and are now training the secondary school people where the responsibility previously had in large part been that of employers. While I am not interested at this moment in considering the merits and shortcomings of the secondary school system, I know that the secondary school education of the United States young boy and girl contributes greatly to his increased industrial productivity. Maybe it can contribute more, maybe not. But if the youth enters the labor market upon graduation from secondary school, he does so as an increasingly competent worker. This, then produces a spiral path for the economic lever of increased productivity per capita.

Let us look for a moment, now, at the enrollment beyond the high school in this past half century. At this same turn of the century, we find only 4% of the eligible young people who are enrolled in educational institutions beyond the high school. Let me call them colleges and universities, even though it includes a greater number of institutions than those two types.

High College Enrollment

At the present time, perhaps 30% of the eligible young people are in colleges and universities. In other words, over the past half century or so, the college enrollment has increased from about 4% to about 30%. Percentially this is a rather rapid increase and numerically it is a fabulous increase. The point is that in the years to come it is bound to be just as great, or even greater, a percential increase and numerically a far greater increase per year.

The increase in enrollment beyond the secondary school then is not that of a simple birth rate increase, it is an increase not only of the birth rate, but of the social, economic and technological pressures that now extend into the college and university level and are identical with those same forces which caused the saturation of the enrollment of the secondary schools. In other words, the industrial expansion and the technological developments of the past half century ignore as entirely artificial and meaningless the educational boundary line that is established by high school graduation from the 12th grade. This is an archaic symbol of a past agrarian economy, and has no value in fact, regardless of how covered it might be with educationality.

The industrial and technological and sociological expansions that saturated the secondary school enrollment in the past half century, are now operative on the college and university level. Over the years immediately before us, we will witness one of the most challenging and significant developments in this country, where we will have essentially an industrial explosion that will saturate our colleges, universities and other institutions beyond the high school with enrollments, greater than we can now possibly envision.

New Future Higher Education Role

The role of the University will not only be to service the established professions that we now recognize, such as medicine, law, dentistry, engineering and architecture. Those previously classified occupations will increase with technological development, and new occupations will be born tomorrow, and tomorrow, and the next day and will each reach the dignity of professions by nature of their technological complexities that will be attached to them. The universities will be required to nurture and to sustain these new occupations, until they reach the maturity that designates them as professions.

We will have increasing specialization, and splinter occupations will reach the sturdy timbers of professional identification. Each and every one of these professional identifications and achievements will again increase the industrial productivity per capita. As increased productivity per capital will increase, our gross national product will increase, our national welfare and individual wealth will increase and therefore increase the industrial investment per capita. Both of these spiralling effects will increase the total industrial productivity and cause further shrinking of the rectangle which we had previously discussed.

The facts are that half of the application of higher education today is devoted to activities that were barely or not at all considered a part of higher education at the turn of the century. This is the social trend that will probably control the developments with which we must deal.

The proliferation of professions, the emphasis on specialization, will be accompanied by a tendency for the professional man, whether he is a manager or doctor or a lawyer or a home builder, to move himself professionally at least into a specially prepared working place, to surround himself with professional or semi-professional assistants, and relying on communication and transportation and those other agents of technology, to transmit his decisions and to multiply his work accomplishment and his influence.

I hope that I have now established two trends. First, the replacement of the immature or the indentured worker by secondary education and, secondly, the development of higher education in the direction of creating and serving more and more professions.

Labor Force Shift to Higher Education

An increased percentage of the 18-21 age group will be shifted from the labor force to college. Furthermore, since higher education affects a sizable number of individuals above age 21, there will be some shift from the labor force to education within an age group not presently heavily affected by the expansion of education. Productivity will again increase through the withholding of additional youth from the labor force until completion of their period of advanced training, with a consequent benefit that these youths will, upon entry into the labor force, produce at a higher rate than they otherwise would. The capacity of the economy to expand itself through additional investment from the gross national product will be increased. The expansion of the economy will again generate a need for even more people with superior skills and the ability to produce at a greater rate. It is my opinion that the initial increase in productivity will take place largely in highly technical fields and enterprises, relating to communication, transportation, and energy. The expansion of the economy will be heavily concentrated in fields which are now awaiting additional manpower to accomplish the expansion that is necessary just to enable them to keep abreast of current needs and developments. A further expansion in the economy will, in its turn, generate a new cycle of demand for further extension of higher education with all of the concomitant measures, problems and results which we faced a generation ago with respect to the development of secondary education.

Education and Living Standards

What then are the kind of people we will have in terms of attributes which will predict their housing interest and needs? The people the housing industry will build for in the future are the people we both build the future for and the people we as educators build for the future. Certainly I have not outlined all the predictors. Certainly I cannot guarantee that even the small group of predictors I have projected may not be right, and certainly other predictors may be more potent, more powerful, more prevailing. But I think that in this case, as in all other cases, there is a remarkable correlation between the standard of education and the standard of living. This being the case, let us see what we might expect the desires of people in home building in the future.

Robert Bendiner says, "We are headed for an Elysium of culture that will put the ancient Greeks in the shade or for a hell of mass boredom modified by home carpentry, hi-fi, plush motels and ping pong." "Business Week" states it as a simple fact that, "The future economy of America will be built on leisure-time spending."

I am disposed to believe that we will generally be ready to live in this world of shrinking work dimensions, increased leisure time, higher educational survival requirements. Some people seriously doubt it. William Russell, President Emeritus of Teachers College, Columbia, says that, "Too much leisure with too much money has been the dread of society across the ages. That is when nations cave in from within. That is when they fall." Sumner Slichter of Harvard says, "Most men are not prepared to make good use of large and sudden additions to their leisure."

These gloomy prophets are, it seems to me, assuming that people will not change with the times. I think these people will, in large measure, because industrial and technological expansion or explosion will, as I attempted to demonstrate, force them to change by forcing them to advanced educational and training patterns just for economic survival.

More Mass Leisure

But until this educational crop arrives on the home-buying scene, the first group of workers affected will be plant workers and office clerks. On the other hand, until education catches up, the professional man, those engaged in services, and certainly the school man himself, will be busier than ever. Initially, if you will, we have increased leisure for the masses, less for the classes. The greatly increased sale of outboard motors reported by the outboard Motor Club of America shows that more than half their sales were to skilled workers, craftsmen, clerical workers and salesmen. A study of one eastern area shows that 75% of these buyers never owned an outboard before, according to Dr. Ernest Dichter. It would be most difficult to determine the present number, or to predict the future number, of such workers who take on a second job and a second income to further raise their economic standards and buying power. Incidentally, it is interesting as we view the impact of Sputnik, to know that this second job technique is known as "moonlighting."

An Ohio State study by Dr. Albert Clarke reports that nearly one tenth of the country's national income of $342 billion is now spent on the materials, activities (including travel) and services of leisure time. Sixty to 80% of that leisure time is spent around the home, the greatest part of it watching television. There are recent tremendous spurts in home gardening—there are reportedly now 18 million home landscape gardeners. Travel and recreation will receive, and have received tremendous boosts. There are now twice as many motels as hotels.

Predicts More Home Changes

It would appear that stability in home building requirements will follow stability in the use of leisure time that will accompany the stability from the establishment of totally adequate educational programs. Then there will be greater increase in "home cultures," music rooms, home painting facilities, specialized educational television programs, and other arrangements that strengthen the home as a social institution.

Earlier I commented on the fact that the increased leisure time will come first to plant workers and office clerks. It will be thus for some time, in my opinion. The economic requirement for increased skills, increased specialization, as developed in the colleges and universities, will come slowly. It seems to me that the home builders will have two waves of home purchases, first from those generally classified as plant workers and after a while from a new and eventually majority grouping of professional people.

I think there is an interesting side speculation on this. The plant workers with greater leisure time are going to use that time for socially productive purposes. The novelty of having lots of time to watch television will thin out or the nature of TV programs will have increasing elements of similarity to expanded and extended programs of adult education which the schools will offer in increasing amount. These people will participate more and more in problems of government, as candidates and also as active workers. I hope that education will be able to prepare these citizens to intelligently contribute and participate.

It would seem that until the newly created need of an increasing professional class is satisfied, there will be no opportunity or disposition of this group to expand their non-professional interests that might affect their home buying habits. They will in general be busier and with more money to invest in a home.

In total then, what kinds of homes, in what amounts, will be demanded in the future? I would answer only in terms of what I see as possible changes in people's lives and habits of living as far as education makes these changes and as far as the changes further change education.

Upward Shift Into Better Homes

I see the plant, clerical and generally less skilled or less professional workers being the first recipients of more leisure time, more knowledge, sophistication and general culture that will make them more appreciative and more demanding of better homes. They will want these homes to be the center of their family life, which will mean it will have to be increasingly attractive in the face of superficial and temporary competition of superficial diversions.

On the other hand, the mobility of the people, the knowledge and interest of other peoples will require a home that is not confining and restricting for the owner. The factor of mobility, of course, causes wonderment and speculation about urban, semi-urban or suburban living. I would not even venture a guess.

It seems, in summary, that if this world can hold together in the face of the many moons now in the sky, then all my guesses will boil down to a rather simple summary.

Summary

Every influence, every trend, and I've tried to mention some of them, will increasingly contribute to the improvement of man's social and economic lot. The disappearance of the unskilled worker, the increased productivity per person, the more effective use of energy seems destined to make us as Americans a nation of increasingly well-educated people, with greater resources for the intelligent use of a greater leisure time. We will want our homes to reflect that change, to make our homes increasingly attractive as a center of that living. And obviously the resulting strengthening of the home as the focal point of living is the greatest force of all in holding our American way of life secure for all times.

In conclusion, may I again comment on the fact that home builders and education have in the past been too independent one of another. For me there could be no more pleasant nor profitable outcome than an increased resolution that both groups work together more closely in the future. We're both home builders really and our stake is mutually in the future. So, after all, is everyone's. Let's work together to make it a great one, increasingly better than it was many moons ago.

Kenneth Kerr Is Now With Fusz-Schmelzle

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Kenneth D. Kerr and Kenneth G. Shaw have become associated with Fusz-Schmelzle & Co., Inc., Boatmen's Bank Building, members of the New York and Midwest Stock Exchanges. Mr. Kerr was formerly with A. G. Edwards & Sons, in the trading department.

Reinholdt & Gardner Add

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Francis F. Lewis, Harry A. Siemers, and William G. Wendt are now connected with Reinholdt & Gardner, 400 Locust Street. Mr. Lewis and Mr. Seimers were formerly with Fusz-Schmelzle & Co., Inc. Mr. Wendt was with Dempsey-Tegeler & Co.

Two With Hathaway

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Donald R. Dugan and Harvey Flake have become associated with Hathaway Investment Corp., 1845 Sherman Street. Mr. Dugan was formerly with the U. S. Bank of Grand Junction.

Benton to Admit

Warren R. Haas will acquire a membership in the New York Stock Exchange and on Oct. 2nd will become a partner in Benton & Co., 11 Wall Street, New York City, members of the New York Stock Exchange.

Mitchum, Jones Firm To Admit Partners

LOS ANGELES, Calif.—Mitchum, Jones & Templeton, 650 South Spring Street, members of the New York and Pacific Coast Stock Exchanges, on Oct. 2 will admit Edward Calin, Herbert M. Hanson, Jr., Allen Mitchum, and Homer W. Wessendorf, Jr. to partnership. Mr. Hanson and Mr. Mitchum will make their headquarters in the firm's San Francisco office, in the Russ Building.

Hornblower & Weeks 50 Years In Detroit

DETROIT, Mich. — Hornblower & Weeks, members of the New York Stock Exchange, is marking its 50th anniversary in Detroit. Half of the firm's 50 years in Detroit have been under the direction of James J. Phelan, Jr., who became resident partner in charge in 1933. Mr. Phelan's father was Hornblower & Weeks first employee, joining the firm in 1888, the year it was founded.

The Detroit office of Hornblower & Weeks is the oldest office of a New York Stock Exchange firm in Detroit.

J. M. Dain Co. to Appoint Vice-Pres.

BILLINGS, Mont. — J. Philip Goan on Oct. 1st will be elected a Vice-President of J. M. Dain & Company, Incorporated. Mr. Goan has been resident manager of the firm's Billings office in the Northern Hotel Building.

Form Summit Securities

WOODMERE, N. Y. — Summit Securities, Inc. has been formed with offices at 845 Broadway, to engage in a securities business. Officers are Alan Seiden, President; Victor Lazzaro, Vice-President; and Carmin Guerriero, Secretary-Treasurer.

Joins Harold Helme

(Special to The Financial Chronicle)

OMAHA, Neb.—Leroy C. Petersen has joined the staff of Harold H. Helme & Co., First National Bank Building.

With Powell & Co.

(Special to The Financial Chronicle)

FAYETTEVILLE, N.C.—George W. Wrenn has become connected with Powell & Co., Inc., 120 Anderson Street.

Merrill Lynch Adds

(Special to The Financial Chronicle)

CANTON, Ohio — James K. Luntz has been added to the staff of Merrill Lynch, Pierce, Fenner & Smith, St. Francis Hotel Bldg.

Joins Westheimer Co.

(Special to The Financial Chronicle)

MARION, Ohio — Gordon B. Butler has become affiliated with Westheimer and Co., Palace Theatre Building.

With Ohio Company

(Special to The Financial Chronicle)

COLUMBUS, Ohio—Richard W. Gambs has joined the staff of The Ohio Co., 51 North High Street, members of the Midwest Stock Exchange.

With Merrill Lynch

(Special to The Financial Chronicle)

DAYTON, Ohio — Richard C. Beck is now with Merrill Lynch, Pierce, Fenner & Smith, American Building.

Merrill Lynch Adds

(Special to The Financial Chronicle)

PORTLAND, Oregon — Richard M. Emlaw has become affiliated with Merrill Lynch, Pierce, Fenner & Smith, Executive Building.

Continued from page 5

The State of Trade and Industry

are Edsel, Mercury, Lincoln and Studebaker, scheduled to get underway in the late September or early October stages.

"Ward's" stated the last of the 1958 models was produced a week ago as Thunderbird assembly halted on Tuesday, Sept. 16, for model changeover. The cars are assembled at Lincoln's Wixom, Mich., factory.

Despite improved scheduling, "Ward's" declared that car makers face the task of doubling their present production pace during the remainder of September in order to meet the 200,000 unit program for the month. As events now stand it does not appear that this total will be reached.

"Ward's" commented that with Chevrolet and Ford turning out more 1959 model trucks than cars during the week, industry truck output was scheduled for a 122% lift over the prior week to 15,273 units from 6,376.

To date, 1958 car production in the United States totals 2,818,748 units, down 39% from a year ago at 4,619,819 units. This year's total of 589,824 trucks is 27% below 1957's pace of 805,174 units.

Personal income during August rose to a new high for the second month in a row, the United States Department of Commerce reported.

The seasonally-adjusted annual rate for August was $335,600,000,000, up $1,400,000,000 from the July rate. Government economists interpreted the new increase as additional confirmation of the steady business improvement since the recession hit bottom, according to their calculations, in April.

August personal income topped by $3,500,000,000 the August 1957 rate, the high for that year, of $352,100,000,000.

Wage and salary payments, making up the largest segment of the personal income total, rose by some $800,000,000 from the July adjusted annual rate to $238,400,000,000 in August. This, however, still lagged behind the record 1957 rate of $240,800,000,000 for wage and salary payments, also reached in August that year.

All wage groups showed improvement during August over July.

Steel Output Scheduled to Rise to 66.4% of Ingot Capacity This Week

Auto buying of steel in the fourth quarter will be brisk now that labor peace seems to be assured, "Steel" magazine stated on Monday last.

Carmakers plan to build nearly 1,500,000 passenger cars, plus nearly a quarter-million trucks. They will require 3,200,000 tons of steel or about 70% more than is being shipped this quarter.

The metalworking weekly declared that the spurt in buying steel for cars will stimulate steel production to about 75% of capacity during the fourth quarter.

Steel company market researchers expect the improvement to continue into 1959. Consensus now is that 1959 steel output will be 110,000,000 tons, which would be the fourth highest year on record. Operations in some peak weeks will approach the industry's capacity.

That is in sharp contrast to this year's high of 66.5% of capacity reached last week. It topped the previous week's high by 1.5 points. Output was 1,794,950 net tons of steel.

Detroit and St. Louis were the leading districts the past week, each operating at 78% of capacity. Detroit, however, gained 0.5 point over the previous week, while St. Louis dropped 4.5 points. Other districts showed: Chicago at 76, no change; Cincinnatti at 75.5, down 1 point; Far West at 74, up 1 point; Wheeling at 69.5, up 1.5 points; Eastern district at 64, no change; Pittsburgh at 62, up 0.5 point; Cleveland at 60.5, up 6 points; Youngstown at 59, up 1 point; Birmingham at 54, up 0.5 point, and Buffalo at 53.5, down 2.5 points.

August was the best month of the year for the nation's steel service centers, the metalworking weekly added. Shipments from warehouses were 5 to 10% better than those of July.

September promises continued modest improvement with most customers demanding rush deliveries. The strongest products are hot rolled, cold rolled and galvanized sheets and the weakest are plates, bars and structurals.

Service center inventories have been trimmed from 3,700,000 tons to 3,500,000, but there is little likelihood of a buildup during the fourth quarter. Although they have revised their quantity discounts to make large orders more attractive, they report few gains.

"Steel's" scrap composite rose 33 cents last week to $43 a gross ton, the highest since Sept. 25, 1957. A strong fourth quarter is looked for, "Steel" magazine concluded.

The American Iron and Steel Institute announced that the operating rate of steel companies will average *111.6% of steel capacity for the week beginning Sept. 22, 1958, equivalent to 1,793,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of *110.2% of capacity, and 1,771,000 tons a week ago.

Output for the week beginning Sept. 22, 1958 is equal to about 66.4% of the utilization of the Jan. 1, 1958 annual capacity of 140,742,570 net tons compared with actual production of 65.6% the week before.

For the like week a month ago the rate was *106.8% and production 1,715,000 tons. A year ago, the actual weekly production was placed at 2,105,000 tons, or *131.0%.

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

Electric Output Turned Slightly Lower in the Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 20, 1958 was estimated at 12,240,000,000 kwh., according to the Edison Electric Institute. Output tapered off a trifle after registering a higher trend two weeks ago.

For the week ended Sept. 20, 1958 output decreased by 8,000,000 kwh. below that of the previous week but rose by 249,000,000 kwh. above that of the comparable 1957 week and 758,000,000 kwh. above that of the week ended Sept. 22, 1956.

Car Loadings in Week Ended Sept. 13 Rose 18.2% Above Preceding Period

Loadings of revenue freight in the week ended Sept. 13, 1958, were 102,648 cars, or 18.2% above the preceding holiday week.

Loadings for the week ended Sept. 13, 1958 totaled 665,999 cars, a decrease of 75,148 cars, or 10.1% below the corresponding 1957 week, and a decrease of 154,850 cars, or 18.9% below the corresponding week in 1956.

Automotive Output Scheduled the Past Week to Rise 63% as Buildup of 1959 Models Continued

Passenger car production for the week ended Sept. 19, 1958, according to "Ward's Automotive Reports," was programmed for a rise of 63% as the buildup of new models continued.

Last week's car output totaled 39,224 units and compared with 24,072 (revised) in the previous week. The past week's production total of cars and trucks amounted to 54,497 units, or an increase of 23,549 units above that of the previous week's output, states "Ward's."

Last week's car output rose above that of the previous week by 15,152 units, while truck output advanced by 8,397 vehicles during the week. In the corresponding week last year 52,365 cars and 13,441 trucks were assembled.

Last week the agency reported there were 15,273 trucks made in the United States. This compared with 6,876 in the previous week and 13,441 a year ago.

Lumber Shipments Advanced 2.9% Above Output in the Week Ended Sept. 13, 1958

Lumber shipments of 476 reporting mills in the week ended Sept. 13, 1958 were 2.9% above production, according to the "National Lumber Trade Barometer." In the same period new orders were 0.1% above production. Unfilled orders amounted to 43% of stocks. Production was 10.4% above; shipments 10.3% above and new orders were 17.3% above the previous week and 0.1% above the like week in 1957.

Business Failures Edged Slightly Higher in Latest Week

Commercial and industrial failures edged to 262 in the week ended Sept. 18 from 256 in the preceding week, according to Dun & Bradstreet, Inc. Casualties were at the highest level in the last four weeks, but they fell short of the 287 occurring last year and were even with the 262 in 1956. Ten per cent more businesses failed, however, than in the comparable prewar week of 1939 when 239 were recorded.

Failures with liabilities of $5,000 or more dipped to 216 from 219 in the previous week and 237 a year ago. All of the week's rise occurred among small casualties, involving liabilities under $5,000, which edged up to 46 from 37 last week but did not reach the 50 of this size in 1957. Twenty-eight concerns succumbed with liabilities in excess of $100,000 as compared with 25 in the preceding week.

Business Failures in August Record Lowest Level for 1958

Business failures fell 10% in August to 1,127, the lowest level so far in 1958. Fewer casualties occurred than in the comparable month of last year, marking the first time since October 1957 that business mortality has dipped below year-ago levels.

While the apparent annual rate of failures declined to 54 per 10,000 listed businesses, it remained slightly above the August 1957 rate of 53. Likewise, dollar liabilities fell to $50,800,000, the smallest volume to date in 1958, but still bulked 17% larger than last year. The increase from the previous August was concentrated wholly among casualties in excess of $100,000.

Construction, manufacturing and retailing all had smaller tolls in August than in July. Furthermore, neither retail trade nor construction suffered as many failures as a year ago. Lower casualties in apparel, general merchandise, furniture and furnishings were responsible for the over-all retail decline from 1957, although increases from a year ago continued in the food, automotive and building materials trades.

Among manufacturers, the toll edged 1% above the previous August with slight increases in most industries. Mounting mortality among food wholesalers and repair concerns lifted wholesaling and service totals 11 to 16% above 1957.

All geographic regions except the Mountain and Pacific States reported a July-to-August decline in casualties. Arizona, Nevada, Oregon and California were responsible for these contrasting increases. Tolls fell below 1957 levels in five regions, with the most noticeable drop in South Central and West North Central States. On the other hand, failing concerns continued above last year in Middle Atlantic and East North Central Regions. In both large cities and non-metropolitan districts, casualties were off 2% from August 1957 totals. However, increases from last year persisted in such cities as Philadelphia, Detroit, Cleveland and Milwaukee.

Wholesale Food Price Index in Week Ended Sept. 16 Returned to Its 1958 Low Point

The wholesale food price index, compiled by Dun & Bradstreet, Inc., reverted to the 1958 low of $6.39 on Sept. 16. This was a decline of 0.5% from the $6.43 of the prior week, but an increase of 2.4% over the $6.24 of the comparable date a year ago.

Commodities quoted higher in wholesale cost last week were flour, wheat, rye, lard, butter, sugar, steers and hogs. Lower in price were corn, oats, coffee, cottonseed oil, cocoa and potatoes.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Moved Slightly Upward the Past Week

There was a slight rise in the general commodity price level last week, with increases in flour, some grains, butter and livestock. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., rose to 277.21 on Sept. 15 from 276.90 a week earlier, but was noticeably below the 228.23 of the similar date a year ago.

Although most grain prices declined at the beginning of the week, the international situation in the Far East helped boost prices slightly at the end of the period. This offset the effects of the Department of Agriculture estimate that crop yields this year would exceed August predictions.

A moderate rise in trading in winter wheat resulted in a fractional rise in prices. Exporters somewhat stepped up their wheat buying. Light arrivals in Minneapolis helped rye prices edge up slightly. Heavy receipts at primary markets held corn prices below those of the prior week in steady trading. As the harvesting of a record crop got underway, soybean prices slipped during the week.

Coffee buying was sluggish the past week at wholesale and prices slipped fractionally. Supplies of rice in domestic channels were light again with prices unchanged from the preceding week. Purchases of flour picked up moderately and prices climbed somewhat.

There was a marked decline in cocoa prices at the beginning of the week, but transactions expanded at the end of the period. Trading in sugar was sustained at the level of the prior week. Prices rose slightly in the domestic market.

Although hog receipts in Chicago expanded noticeably from a week earlier, prices advanced appreciably. Hog buying remained close to that of the prior week. The buying of slaughter steers improved, as cattle receipts were heavier and prices climbed substantially. Lamb prices remained unchanged and buying continued close to that of a week earlier. Wholesalers reported a slight dip in lard futures prices.

Cotton prices moved within a narrow range during the week and closed slightly higher than a week earlier. Despite the larger than expected crop forecast, cotton buying held steady. Cotton exports for the week ended on Tuesday of the preceding week amounted to about 56,000 bales, compared with 37,000 in the prior week and 68,000 in the similar week a year ago, according to the New York Cotton Exchange. For the season, exports were about 391,000 bales as against 405,000 in the comparable period last year.

Trade Volume in Latest Week Advanced 1 to 5% Above a Year Ago

Cool weather stimulated consumer buying the past week and total retail sales were slightly higher than a year ago. Moderate year-to-year gains in the buying of fall apparel, television sets and linens offset declines in major appliances, furniture and new passenger cars.

The total dollar volume of retail trade in the period ended on Wednesday was 1 to 5% higher than a year ago, spot estimates collected by Dun & Bradstreet, Inc., reveal. Regional estimates varied from the comparable 1957 levels by the following percentages: South Atlantic States +5 to +9%; Middle Atlantic +2 to +6; New England and Mountain +1 to +5; Pacific Coast and East South Central 0 to +4; East North Central and West South Central —1 to +3 and West North Central States —3 to +1%.

Although interest in children's back-to-school merchandise slackened during the week, shoppers stepped up their purchases of women's fall dresses, coats and sportswear. Other best-sellers were accessories, millinery and suits. There was an appreciable gain in sales of men's dress shirts and fall suits, but volume in topcoats was sluggish. Over-all sales of both men's and women's apparel moderately exceeded those of a year ago.

Consumers spent more last week on radios, television sets and lamps and lighting fixtures, but the call for automatic laundry equipment and refrigerators was sluggish. There was a marked gain in sales of floor coverings, draperies and linens. Despite numerous sales promotions in many areas, over-all volume in furniture slipped from both the prior week and the similar period last year. Spot checks indicate that purchases of new passenger cars dipped and volume remained noticeably below a year ago.

Re-orders for women's fall dresses, coats and skirts were sustained at the high level of the prior week. Over-all volume slightly exceeded that of a year ago. A noticeable increase in the call for women's fashion accessories occurred, especially in jewelry and handbags. In preparation for the Christmas selling season, buyers stocked up on children's apparel. Sales were moderately above a year ago.

A moderate rise in orders for upholstered chairs and case goods held furniture volume at wholesale close to that of the preceding week. There was an upsurge in the buying of draperies as retailers sought to replenish depleted stocks. While interest in lamps and lighting fixtures advanced, the call for refrigerators and dishwashers proved sluggish. Wholesalers reported a slight rise in purchases of hardware and barbecue goods.

An appreciable rise in industrial fabrics and man-made fibers occurred the past week, but orders were below those of a year ago. Increased buying of wide drapery fabrics helped boost total sales of cotton gray goods over the prior week offsetting declines in print cloths and sateens. Trading in woolens, worsteds and carpet wool lagged again. Incoming orders at mid-Atlantic dyeing and finishing plants dwindled.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Sept. 13, 1958 rose 4% above the like period last year. In the preceding week, Sept. 6, 1958 an increase of 2% was reported. For the four weeks ended Sept. 13, 1958 a gain of 3% was registered. For the period Jan. 1, 1958 to Sept. 13, 1958 a decrease of 1% was reported below that of 1957.

Retail trade sales volume in New York City the past week, according to estimates by trade observers, was about even to 5% higher than the 1957 level.

As was the case two weeks ago, women's apparel and accessories sales were the principal cause for last week's good showing.

According to the Federal Reserve Board's index, department store sales in New York City for the week ended Sept. 13, 1958 showed an increase of 8% from that of the like period last year. In the preceding week, Sept. 6, 1958 an increase of 4% was reported. For the four weeks ended Sept. 13, 1958 an increase of 5% was reported. For the period Jan. 1, 1958 to Sept. 13, 1958 an increase of 2% was registered above that of the corresponding period in 1957.

Continued from page 2

The Security I Like Best

and/or service that is not a fad, subject to great fluctuations during good times and bad times, but one that caters to real wants of man—wants not necessarily created but existing in the past, in the present and in the conceivable future. The article and/or service should combine something that is needed by an ever growing population and something that gives pleasure and appeals to natural instincts.

(4) It should be one with diversified interest, not dependent on one product and not dependent on emergencies.

(5) It must have a management that is young, aggressive and yet with great experience—a management that itself has invested heavily in its shares, that does not trade in and out. In other words, that is not of the "raider type."

(6) It must be one that is not satisfied to rest on its laurels but is spending considerable money to better its product and services and to find more and more users.

(7) It is one in which the various states and communities in which it operates, as well as the Federal Government, have an interest in its growth and development.

(8) Last, but certainly not least, it is one that, though not a monopoly, has the advantage of many years of work in its particular fields, with large investments and patents.

Let Us Look at the Record

(a) **Ancient history.**—The Universal Products Company of today is not the Universal Products Company previous to 1955. The old Universal Products Company organization was in the automotive supply field. It produced automotive universal joints, propeller shafts, steering column jackets, etc. In 1955, a few months after the present management took over the company, they sold to the Chrysler Corporation for over $3 million, its plant, inventories, equipment, etc. and liquidated a subsidiary, Formetal Co., which was engaged in producing stampings and forgings. A year later they also liquidated the Universal Products Company of Canada, a subsidiary. They thus went out of the old fields and Universal Products Company entered into new ventures, as a corporate shell with a net worth of almost $10 million.

(b) **Recent history.** The new management purchased over 99½% of the outstanding common stock of the American Totalisator Company (Amtote). This happened soon after Amtote purchased all the common stock of the General Register Corp. in exchange for some 37,700 shares of Universal Products common stock. Later, Amtote purchased 24% of the common stock of C. P. Clare & Co., and in early 1957, the Clare Co. was completely absorbed by Universal Products Company through the issuance of 161,605 shares of Universal Products Company.

So altogether we see that Universal Products Company has three diversified fields of activity through (1) Amtote, (2) General Register Corp., (3) C. P. Clare & Co.

What Do They Produce?

(a) Amtote. Amtote manufactures, wholly owns and supervises the equipment and control system known as totalisators, which are used by almost 150 racing associations of thoroughbred horses, harness and dog tracks.

The machinery is never sold but is supplied under contracts given for five year periods, for which Amtote receives its remuneration based upon a percentage of the handle by the mutuels at every one of these tracks. Thus far, more than 75% of such tracks throughout the country use Amtote.

The history of racing is to be found in the hoary past of history. The Babylonians, the Egyptians and the Romans, just to mention a few of the nations of antiquity, all promoted what became known as the "king's sport." Incidentally it may be of interest that the Father Of Our Country, George Washington, was a well-known lover of the sport. In 1752 he surveyed and built the Alexandria, Va. race track, of which he was co-owner and general manager. It is said that in 1790, George Washington raced a colt against a mare owned by Thomas Jefferson and the latter was the winner.

Attendance at race tracks shows a constant growth, and new race tracks are being built, notably at Hollywood Park, Calif., Sullivan County, N. Y., Waterford Park, W. Va., and many of the old ones are being enlarged and renovated. The history of racing in this country is over 200 years old. The sport of kings has become the sport of the people from all walks of life.

The equipment is portable and at the end of a race meet it is unplugged and transported by Amtote to another track where it is plugged in and ready for operation the following day. Of course it is all serviced by Amtote.

As said before, Amtote is constantly bettering its equipment and adding new items. In January a year ago, it introduced the Automatic Mutuel Calculator, which makes the operation completely automatic, from the instant a player requests a tote ticket to the final pay-off. Last December it came out with the Amteller, a self-service ticket-issuing machine—a machine that identifies the paper currency, issues the ticket if the money is O.K., and throws out forged or incorrect bills, even though real and legitimate. The Amtote has a history of over 25 years.

Interests of governing authorities.—The state receives its percentage from amounts wagered, from admissions and from concessions, and the interest of the various states is constantly growing and is part of the budget figures of the states. Similarly the Federal Government gets its share in taxes and the local communities get benefits direct and indirect.

(b) **General Register,** wholly owned by Amtote, manufactures the daily double machines used by Amtote, as well as ticket-selling equipment used by Amtote, as well as many transportation companies, restaurants and cafeterias, etc., etc. It is a constantly growing field, adding theatres, movies, etc. to its constantly increasing list of customers.

(c) **The Clare Co.,** manufactures electrical relays and control equipment transistors. Its customers are the War Department, where its transistors and relays are finding great favor because of their smallness and durability in the missile program, and a fast-growing demand from many industrial giants, such as RCA, Eastman Kodak, Sperry Rand, Western Union, Westinghouse, I. B. M., Raytheon, Martin Co., Dictaphone Corp., Burroughs Corp., Bell Telephone Labs., Food Machinery & Chemical Corp., National Cash Register Co., etc. Starting some 20 years ago with a capital of $25,000, and a negligible first year business, it is expected that 1958 sales will amount to several hundred million dollars.

As of Dec. 31, 1957, gross revenue of Universal Products Co., Inc., increased by 13% over 1956 to $23,000,000, an all-time high. This amounted to $2.85 per share, in spite of extraordinary expenses, namely, in research and development and plant expansion.

Looking at the balance sheet, its total current assets are $9,636,181 against current liabilities of $5,309,197. This is in the proportion of 1.8, a very healthy condition.

Furthermore, the other liabilities — other than current — which includes sinking fund of $16,800, reserves for Federal income tax of $223,616, and the minority interest in subsidiary companies of $59,608 completes the roster of indebtedness except of course for the stockholders' equities. Please also note that while the capital surplus is $3,429,946, it has in addition retained earnings to the tune of $10,464,369. Size for size, try to find another company that will match it.

There are 1,500,000 shares authorized, and the issued and outstanding shares as of Dec. 31, 1957 were 930,300. In October of this year, the present shares will be split two for one, and the present dividend of 40c per share, which on the new issue would amount to 20c per share, will be raised to 25c. Thus the yearly dividend is raised from $1.60 to $2. on the present stock.

Management

As stated before, the present management came into the picture in early 1955, and consists of Louis Chesler, financier, as Chairman of the Board, M. Mac Schwebel, lawyer and financier, as President, and Maxwell Goldhar, industrialist and senior partner of Goldhar, Beckerman, Soupcoff & Starkman, Toronto, chartered accountants, as Vice-President, Secretary and Treasurer, all three Canadians. Three other directors include Carroll Rosenbloom, a leading industrialist of Baltimore, Carl P. Clare, who was the originator and is the President and Director of C. P. Clare & Company, a subsidiary of Universal Products Company, and Herbert L. Hutner, President and Director of Northeastern Life Insurance Company and Vice-President of Blair & Co. A formidable list of officers and directors, who own substantial interests in the stock of Universal Products Company and whose names have not appeared in the monthly SEC issues of sellers of their stock. If it is good enough for them, then it is good enough for other stockholders.

Conclusion

Universal Products Company, listed on the American Stock Exchange, has three different branches of activities and each one is presenting a picture of constant and rapid growth.

There have been stock dividends in the past, and there will undoubtedly be stock dividends in the future; in addition, most probably there will be increases in cash payments. The management believes in being liberal with the stockholders.

Universal Products Company is the fastest growing sound company that I have come across in many years.

"A special meeting of the shareholders of UNP will be held on Sept. 29, 1958, to vote upon the adoption of the proposal of the directors to merge UNP with its subsidiaries, forming a Maryland corporation to be known as Universal Controls, Inc., and to issue two shares for each one of the old, changing the par value from $2.00 to $1.00. This will increase the authorized capital to 3,000,000 shares in lieu of the present 1,500,000. Similarly outstanding shares will be 1,936,678, giving effect to the two for one exchange to present stockholders. The reason for the merger is to cut down operation expenses, bookkeeping, and also for tax saving purposes."

Continued from page 15

The Welfare State Throughout the World

brutal Social Power, of the pressure of a majority bearing a subaverage share of taxation upon a minority of richer people "taillable et corvéable a merci", of organized envy and social resentment and of "robbery by the vote" our kind assistance in furthering the Welfare State can be spared. Since the danger is entirely on the side of excess and abuse of the principle of social state action it seems to be a safe and commendable rule for us to lay all emphasis on the dangers and the limits of the Welfare State. Even at its mildest, our voice should be that of reluctance, of restraint, of criticism and, if need be, of severe condemnation. Or to put this advice somewhat differently: it is, in this field, safer, to err on the side of criticism than on that of encouragement, and the responsibility is in the former case incomparably less than in the latter.

The Welfare State does not need our help, but the free man and the sound society do because they are threatened by the Welfare State. For the responsible Statesman, the social scientist and the leader of public opinion, this is the time to favor all forces working for moderation, retardment, and conservation, and if that takes some courage it is one more reason to recommend it. One should be proud to have the "dignity of danger" which, according to Dr. Johnson, is the attribute of certain professions.

Factor of Expediency

Another point of a more pragmatic nature is that there is a large field where mere common sense should teach us that it is more expedient to do this thing rather than that. Let me illustrate this by taking some examples from the enormously important section of social medicine. It will be hard to find anyone today who would entirely deny the necessity of helping some groups of people in some cases in paying the cost of restoring their health, sickness or accidents being indeed one of the gravest risks of life. But there are intelligent and less intelligent ways to solve this problem. It is e.g., sheer stupidity and more ignorance of elementary psychology and economics to overlook the necessity of making the patient participate in the cost of restoring his health and thus of interesting him in availing himself of the help only after carefully weighing the case and in keeping down the cost of restoring his health.

Whether social medicine is run on the principle of insurance or on the less sound principle of the British National Health Service there is no excuse whatever for not applying this simple device of cost participation, and even the social demagogue — one of the most dangerous and irresponsible figures of our time—will find it difficult to answer the question whether a man who pays for his suit, his car and his refrigerator and above all for all the innumerable ways of ruining his health should not be supposed to pay at least a fraction of what it costs to restore it. It goes without saying that, in case of real distress, any hardship in applying this principle could be avoided. In fact, the absence of this principle is the main cause of the sickness of so many sickness insurance systems while social medicine is still fairly sound — as e.g. in Switzerland—where that principle is applied.

If, on top of relieving the patient of the entire financial burden of sickness, you also promise to pay him his full salary while he declares himself sick, you have done everything to ruin the whole system of social medicine. This has been recently achieved in Germany, with the dire result that could be predicted and which now opens the eyes even of the social demagogues, for the workers themselves will have enough common sense to perceive the stupidity of all this and to blame the demagogues for a system which rewards the unscrupulous and punishes the honest.

But there is no denying the fact that behind such questions of administrative expediency and organizational technique there are problems of a fundamental character, and there we come to the real heart of the matter. We are apt to look at those questions with very different eyes if we hold different views with regard to the ultimate purpose of social state action. Here the real difference is whether we want one of two things: **either** to extend a helping hand to these who really need it or may be presumed to need it **or** to make the social services the instrument of the modern Welfare State which is really socialist because its aim is the gradual socialization of the satisfaction of wants and the equalization of the economic and social status regardless of what the income and property of the individual originally had been. The gulf between these two aims could not be deeper. The former is conservative, the latter revolutionary, and so we can accept the former as emphatically as we reject the latter. It is no longer a matter of measure and degree but one of choosing between two entirely different and mutually exclusive social philosophies.

That we regard the revolutionary philosophy of the socialist Welfare State as destructive in every sense needs no emphasis. But we are perhaps still far from having defined the difference of these two conflicting social philosophies as precisely as we should. We need such precision in order to take a most determined stand against confusing the issue and exploiting the idea of letting no one drop below a certain minimum standard for the opposite one of letting no one rise above a certain maximum standard low and equal for all. Nor do we seem to have done everything to follow these two irreconcilable philosophies into all their practical consequences.

To take once more the example of social medicine: It is one thing to make some provision for relieving weak shoulders of the financial burden of expensive operations, hospitalization and long sickness and quite another to socialize medicine after the Soviet or British example and to make medical service, economically speaking, a "free good". In the first case, we confine our sickness insurance scheme to the lower income brackets while, as a rule, making the patient pay some fraction of the cost, or, in case of hardship, we help with dispensaries, gratuitous operations and hospitalizations and what not. In the second case, we extend the obligatory membership wider and wider, including more and more those capable to look after themselves; we increase continuously the number of services and the average outlay for them; we water down increasingly the genuine insurance elements of the scheme until finally we land at the British National Health Service.

The Dividing Line

The elementary distinction between these two kinds of social philosophy amounts, of course, to a difference in emphasis if, by that word, we mean a difference in departure and in the assumption of what is primarily desirable. The dividing line runs between the groups. On the one hand, there are those who lay all the stress on the responsibility of everyone for taking care of himself and his family and for developing this sense of responsibility and increasing the individual's willingness and capacity of living up to it while considering state action as a subsidiary help, as a second line in cases where the first line of self-help or voluntary group action has broken down.

On the other hand, there are those who leave no stone unturned to prove that our individualistic—or, if you prefer, humanistic—idea is ridiculously out of tune with the times, that it is unworthy of progressive people, that it is unfeasible, reactionary, petitbourgois, and they may even mobilize a notable life-insurance man—his name was Lord Keynes—to state the economic nonsensicality of the idea that people could, by savings or life-insurance, provide themselves for their old age without upsetting all our Keynesian equations. Their ideal is the society as a gigantic machine with its tubes, its safety-valves and thermostats pumping incomes to and fro, the society as one enormous pot to which all contribute unequally and in which all participate equally, a nightmarish dream of centralizing bureaucrats who reduce men to a "flock of timid and industrious animals of which the government is the shepherd" (A. de Tocqueville, Democracy in America, IV, 4, ch. 6).

According to our social philosophy, state action is, at best, a makeshift, a subsidiary help, a crutch for the crippled. We measure progress by a decrease of the want of this necessary evil, because we are convinced that the individual's responsibility for himself and his family is an integral part of his human dignity whereas the Welfare State reduces him to the status of a minor under the tutelage of the government. We know that the danger increases with every step we do in this direction, and we start from a clear concept of what is normal and natural and what, on the other hand, can, at best, be only an exception from this rule.

What to Do About It

But in all this the advocates of the Welfare State take the opposite view. What are we going to do about it? First of all, of course, we have to define our position as unequivocally as possible and to stick to it with the utmost firmness, regardless of the attacks which, in their violence and unjudiciousness, reflect both the fanaticism of the Welfarists and the inconvenience we seem to cause them. Secondly, it does not seem hopeless to attempt to open the eyes of many of them by showing all the implications and consequences of their policy. In this respect, it is particularly useful to point out that on the road to the fully developed Welfare State there are several **critical points** where it becomes clear that now consequences ensue which at least some of the Welfarists will not welcome.

I see three of such critical points. The **first** is reached when the financial burden of the Welfare State becomes such that its larger part has to be born by the masses themselves which should be benefitted by it. Then the pumping machine of the Welfare State is not far from becoming a gigantic hoax where it is more and more impossible to tell whether, on balance, you are on the giving or on the taking side, and where only one thing is crystal clear, i.e. the enormous increase of bureaucracy and its power. Once this stage has been reached—it is safe to say that that is the case in the Scandinavian countries and in Great Britain—the question grows more and more legitimate (and is therefore being asked by more and more people) whether the masses would not be better served by leaving them the money which they now pay for financing their own welfare benefits and thus enabling them to spend it for the cheaper way of private provision for old age or other risks.

A **second** way to define the critical point in the growth of the Welfare State is to call it that point where a vicious circle of a particularly dangerous kind sets in. It is obvious that state (coercive) action in this field is always rivaling with private (spontaneous) action, and this in the double sense that it tends not only to diminish the willingness and incentive for self-help but also the financial capacity for it. Why bother if the state takes care of my life risks anyway? But also how to find the means for my private savings and my life insurance if this same Welfare State which promises to take care of me asks so many more taxes from me? The wider, therefore, the field of the Welfare State so much the smaller will be, other things being equal, that of self-help by savings and/or life insurance.

But the smaller the scope for spontaneous self-help the more people will be inclined to rely on the state and to ask for more help from him. That is the vicious circle which becomes really dangerous when the point has been reached where a real weakening of the willingness and the capacity for self-help by savings and/or life insurance can be noticed. How soon this point will be reached depends not only on the dimensions of the Welfare State but also on the saving habits of the population, on the system of taxation and other influences. There can be no question that this critical point has been long since attained by the Scandinavian countries and Great Britain while countries like Switzerland and Germany—the latter in spite of the alarming reform of the pension system (Indexrente) in 1957—are still at a safe distance from it.

Agent of Inflation

The second critical point of the Welfare State is, by and large, identical with the **third** one. In many senses, this appears to be the most critical of all three, because it makes it clearer than any other critical point how the Welfare State defeats its own purpose in the end. It is that point where the Welfare State begins to work as one of the main agents of the **chronic inflation** which is the shameful mark of our age. It does so, either by causing or reinforcing a **fiscal inflation** (as in France since many years) or by increasing **investment inflation** to that extent in which the Welfare State becomes responsible for a volume of savings smaller than it would otherwise be. Most of all, however, the Welfare State will foster inflation whenever it comprises a deliberate policy of "full employment" which can be shown to be an indispensable part of the fatal mechanism of that third and most pernicious source of chronic inflation which is **wage inflation.**

Unfortunately, whenever a Welfare State causes or reinforces inflation in these ways, it will prove to be contagious for other and more healthy countries. That is what happens in Europe today on a large scale. In order to understand this process of what we call "imported inflation," we have to realize that all the full-fledged Welfare States in Europe which have reached more or less the aforementioned critical points experience a deficit in their balance of payments which measures at the same time the extent in which they are living beyond their means. That supposes, on the other hand, that there are other countries ready to fill the gap. After Marshall Aid, the European Payments Union with its mechanism of automatic credit lines for the debtor countries has become the main source for such stop-gap aid.

It can be said, therefore, that those few countries which have been able to keep the Welfare State and the inflationary pressure fairly within bounds are forced by the mechanism of the EPU continuously to pay for the extravagances of the socialist Welfare States, not because they are so much richer—which decidely cannot be said of Germany or Austria—but because they believe in monetary and fiscal discipline (and also in immutable exchange rates). The same surplus in the balance of payments of these perennial creditor countries, however, to the extent that it is changed into national money, is apt to cause an inflationary increase of the volume of money and thus to "import" inflation from the monetarily less disciplined to the monetarily more disciplined countries.

The inflationary consequences of the Welfare State have been criticized by no one more severely than by the same man who has to bear a larger share of the intellectual responsibility for this than any other single person, i.e. Lord Beveridge. Not so long ago, he frankly declared in a public lecture that inflation in his country is going to frustrate his own efforts for providing for his old age so that he runs the danger, he said, of possibly living longer than he could afford. But it seems that he will be the last to understand that a man who has laid down the foundations of the British Welfare State and who has presented to us "over-full-employment" as an ideal state of things has hardly a reason to complain of the private consequences of his public activity. Pathetic figure of an honest old man who does not know yet that he has cut down the ground under his own feet, but more pathetic the country and the age which have to suffer for it!

With McKendrick Haseltine

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Nathan D. Silverberg is now affiliated with McKendrick, Haseltine & Wilson, Inc., 114 South Ninth St.

With Bennett-Manning

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Jack J. Maghakian and Sidney S. Oringer are now with Bennett-Manning Company, 8417 Beverly Blvd.

Dempsey-Tegeler Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Stephen R. Lanzit has been added to the staff of Dempsey-Tegeler & Co., 210 West Seventh Street. He was previously with Leo Schoenbrun.

Rejoins E. F. Hutton

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Merritt E. Jacqua has rejoined E. F. Hutton & Company, 623 South Spring Street. Mr. Jacqua has recently been with Eastman Dillon, Union Securities & Co.

Joins Sideckas Co.

(Special to The Financial Chronicle)

SHREWSBURY, Mass.—John P. Albetski is now with R. B. Sideckas & Co., 47 North Quinsigamond Avenue. He was formerly with Coburn & Middlebrook, Inc.

With Townsend, Dabney

(Special to The Financial Chronicle)

BOSTON, Mass. — Thomas J. Ezekiel is now with Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges. He was formerly with Elmer H. Bright & Co.

Continued from page 14

Mutual Savings Banks And the Capital Market

into corporate securities rose to nearly twice the 1950 flow and municipal security financing also increased. The flow of funds into mortgage markets, however, declined during this period, due only in part to direct mortgage credit controls. Subsequently, when credit became more readily available and yields declined, mortgage flows advanced sharply to a postwar high of over $16 billion in 1955, while corporate security flows declined significantly.

Since 1955 the capital markets have gone through another cycle of stringency and ease in which the earlier pattern of shifts in flows of funds has been repeated, perhaps even more decisively. The net flow of mortgage funds declined substantially from 1955 to 1957, a year in which Federal Reserve policy was directed strongly towards credit restraint and in which yields advanced to postwar highs. Corporate borrowers, on balance, were not deterred, however, and investors were increasingly attracted by rising yields, with a resultant record flow of nearly $12 billion into corporate securities. This represented an increase of nearly $5 billion from 1955 in contrast to a decline of almost that amount in the mortgage sector. Relatively attractive yields on state and local government securities brought a record flow of funds into that market in 1957.

The marked shifts among alternative uses of long-term funds which have characterized postwar capital markets reflect changes in credit demands from the various classes of borrowers, and in yield relationships between the various capital market sectors. The local character of mortgage markets and the specialized techniques and institutional arrangements which characterize them, make adjustment to change in that sector of the capital market somewhat sluggish. A large part of the shifts in flows within the capital market may be ascribed, also, to the relative inflexibility of interest rates on Federally underwritten mortgages. Because this sector of the market cannot respond freely to changing yields on other financial instruments, lenders expand and contract their activities in this market frequently with changing financial conditions. These shifts have an upsetting influence not only on mortgage and housing markets, but also on other sectors of the capital market since investors complement changes in mortgage flows by changes in other investment actions.

The Role of Savings Banks

Mutual savings banks have played their most important role in the mortgage sector of the capital market. In the years since 1945 they have provided nearly 15% of the net nonfarm flow of mortgage funds. After 1950, when they became active out-of-state lenders, they accounted for a considerably larger proportion of net nonfarm mortgage flows than in preceding postwar years.

Within their own investment portfolios, the postwar record of mutual savings banks indicates an even greater preference for mortgages than the record of the capital market as a whole. Between the end of 1945 and mid-1958, while their total assets were increasing by nearly $20 billion, savings banks were expanding their mortgage portfolios by almost $18 billion. Investments in corporate and other securities increased by more than $4 billion in these years. This large investment expansion was made possible by a record inflow of deposits and by the sale of over $3 billion in U. S. Government securities.

The postwar concentration on mortgages is without parallel in the modern history of savings banks, although these institutions have always been large mortgage investors. In the first decade of this century, for example, only a little more than half of savings bank assets went into mortgages, and in the second decade, only about two-fifths. Even during the housing boom of the '20s, net investment in mortgages represented seven-tenths of the asset increase compared with nine-tenths in the post-World War II period. During the 1930's and the war years of the 1940's, of course, the decline in housing activity and in mortgage investment opportunities resulted in an actual decrease in mortgage holdings of savings banks.

Factors Unique to Savings Banking

Because of special circumstances unique to savings banks, the pattern of their postwar capital market flows has varied significantly from the overall capital market pattern previously described. In the two years immediately following World War II, for example, when other types of financial institutions were selling U. S. Government securities, savings banks were adding well over $1 billion to their government security portfolios. This was twice the volume of their net mortgage acquisitions during these years. By the end of 1947, total mortgage holdings amounted to less than $5 billion compared with almost $12 billion of government security holdings.

This unique investment behavior of savings banks compared with that of other types of financial intermediaries, must be largely ascribed to legal restrictions and to geographic location. Until early in 1949, most state statutes limited savings bank mortgage investments to specific geographic areas, generally within state boundaries. Since savings banks are located principally in the East, where real estate and construction activity was less active than in other more rapidly growing areas, mutual savings banks were not able to acquire as large a volume of mortgage loans as their net inflow of deposits and decrease in U. S. Treasury security holdings would have permitted. Their continued acquisition of governments, therefore, reflected these restrictions on alternative investments.

When state banking laws were amended to permit out-of-state investment in FHA and VA mortgage loans, savings banks liquidated Treasury securities between 1948 and 1950 almost as rapidly as they had acquired them in the two preceding years, and invested a rapidly increasing share of funds in higher yielding mortgages. By the end of 1950 their mortgage holdings had increased to over one-third of assets from less than one-fourth three years earlier, and government security holdings, as a proportion of assets, had been reduced from three-fifths to less than one-half.

Investment Behavior Since 1950

Since 1950, the capital market investment behavior of mutual savings banks has broadly paralleled that of other institutional investors. In the 1951-53 period of credit stringency, savings banks reduced their net acquisition of mortgages in favor of corporate securities. This reduction of mortgage acquisitions, however, reflected entirely smaller net flows into FHA and conventional loans. Investment in VA mortgages expanded sharply. The acceleration of VA mortgage activity, during a period when other financial institutions were rapidly reducing such activity, reflected the fact that many savings banks had more funds available for investment than could be absorbed locally, and that effective yields on out-of-state VA loans after discount were quite favorable compared to investments available in local Eastern areas.

All types of mortgage loans returned to favor with savings banks when capital markets eased after 1953. The acceleration in net mortgage investments to nearly $2.5 billion in 1955 established a postwar record not yet equaled. Not only did savings banks continue to reduce their government security portfolios in this year but they sold corporate securities, also, to provide additional funds for mortgage investments. 1955 was the only postwar year, except for 1950, in which savings banks actually reduced their holdings of corporate securities.

The ability and willingness of savings banks to adjust their investment policies to changes in financial markets was clearly evident in 1957 when they shifted their corporate securities position from one of net liquidation to one of record net acquisition. Nearly $800 million of corporate securities was added to savings bank portfolios in 1957, compared with the net reduction of $180 million in 1955. Net mortgage flows, in contrast, were reduced by more than $1 billion to a postwar low of $1.4 billion.

This decline in mortgage investments was not only considerably greater than during the earlier period of credit stringency in 1951-53, but was, also, concentrated almost entirely in the VA mortgage sector. The variations in mortgage market behavior of savings banks during two periods of credit stringency reflected changes in general market conditions, in Federal regulations, and in savings bank portfolio composition. Discount regulations on federally underwritten loans had become increasingly restrictive, the amount of discount required to compete with yields on corporate securities had become increasingly large, and, for many savings banks, mortgage portfolios had been built up to close-to-desired levels considering the structure of assets.

Implications of Recent Capital Market Developments

Since late 1957 capital markets have undergone a rapidity of change without parallel in the postwar period. In less than one year we have witnessed a shift from a condition of swiftly developing ease to one of gradual tightening. Yields which turned down rapidly last winter, have turned up even more rapidly this summer and autumn. Accompanying these changes and changes in general business conditions, Federal Reserve policy has shifted from vigorous action to provide a climate of monetary ease, to action designed to prevent a resurgence of inflationary forces.

When financial and business conditions changed in late 1957 and liberalized mortgage and housing legislation was enacted in early April, savings banks responded with little delay. They accelerated their mortgage acquisitions from a reduced average monthly rate of $125 million in 1957 to over $200 million by early this summer. Acquisitions of corporate securities, meanwhile, declined markedly this summer, following a record rate of investment in the early part of the year. Holdings of U. S. Government securities continued to be reduced.

The recent and unexpected turnaround in credit markets has occurred just as the business recovery has been strengthening, and has important implications both for the economy as a whole and for the savings banking industry. There is apprehension about whether the pace of recent economic gains might be prematurely slowed or even halted; that borrowing for business expansion might be discouraged. I am less concerned about the impact of changing credit conditions on business capital spending than I am about the impact on housing and mortgage markets.

Businessmen decide to expand their facilities when the outlook for sales and profits is favorable, and they seem to be little deterred in their plans by rising costs of credit. Capital expansion has generally been greatest during periods when yields have been rising and credit tightening. Outlays for plant and equipment rose sharply in 1957, for example, along with rising yields on corporate securities. Undoubtedly all demands for loanable funds will not be met during periods when credit is tightening. Some plans of both businessmen and governments will tend to be postponed. Overall expansion, however, will be greater than during periods when yields are falling and credit is readily available. For it is in such periods of credit ease that the outlook for business is often clouded and the willingness of businessmen to expand facilities is reduced.

The situation in housing and mortgage markets is somewhat different, however. The effect in these markets of rising interest rates and reduced credit availability may be to slow down or reverse the recent strong upturn. For, ironically, when general business conditions improve, conditions in home building and real estate markets may worsen. This may occur not because builders wish to reduce activity or because consumers become unwilling to buy, but because neither can compete effectively for the available supply of loanable funds. Increases in credit demands, Federal Reserve credit restraint, and the resultant rise in yields, reduce the supply of funds available for a large part of the mortgage sector where yields are inflexible.

Sees No Mortgage-Housing Downturn

I do not anticipate a downturn in housing and mortgage activity in the immediate future. The large backlog of mortgage commitments outstanding from financial institutions, and the sharply increased volume of FHA applications and VA appraisal requests insure a continued large volume of mortgage lending and building through 1958 and early 1959. The evidence is already clear, however, that on new mortgage commitments yields have firmed and other terms have become more restrictive. If general business conditions continue to improve and if credit becomes tighter, as promises to be the case in 1959, then mortgage markets will be under pressure and housing output may not realize levels earlier thought possible.

For savings banks the implications of the new situation call for a reappraisal of the opportunities offered for favorable investment in the capital market. The renewed emphasis on mortgages, which has characterized recent savings bank investment activity, may give way in favor of corporate securities. The opportunities in the government securities market will have to be carefully reappraised. Important changes in the pattern of savings bank investments in this sector of the capital market have already become evident in recent years.

Since mid-1955, for example, the savings banking industry has doubled its holdings of Treasury notes and certificates, while reducing by one-sixth its holdings of long-term Governments. This development suggests an increasing interest in the short-term area of the government securities market for purpose of liquidity. Safety and yield in long-term investments have been provided in the markets for government underwritten mortgages and in high grade corporate securities. Yields in the market for long-term government securities have not always been competitive, and recent behavior in this market has hardly encouraged investment for purposes of liquidity.

The savings banking industry looks to the capital market as the main outlet for employment of over $33 billion in funds entrusted to it by over 22 million depositors. The complex of economic, political and social forces which influence this market requires breadth of scope and interest on the part of savings bank management. We must be alert to change and maintain a flexible investment policy which can be readily adjusted. The better we understand the complexities of the capital market the better will our depositors be served.

$61 Million Issue of Massachusetts Bonds Offered to Investors

A consolidated group of underwriters, resulting from a merger of three accounts, was awarded Sept. 24 an issue of $61,000,000 Commonwealth of Massachusetts 3½% general obligation highway improvement loan and capital outlay loan bonds due 1959-1978, inclusive, on a bid of 100.4735%, a net interest cost of $3.45455% to the Commonwealth. The bonds on reoffering were scaled from a yield of 2.00% for bonds due in 1959 out to a dollar price of par for the last four maturities due 1975-1978, inclusive.

One of the merging groups was headed by The Chase Manhattan Bank and Halsey, Stuart & Co. Inc.; one by The First National City Bank of New York, The First National Bank of Chicago, Bankers Trust Company and The First Boston Corporation; and one by Lehman Brothers and Phelps, Fenn & Co.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates are offering today (Sept. 25) an issue of $3,975,000 Pittsburgh & Lake Erie RR. 4% equipment trust certificates, maturing annually Oct. 15, 1959 to 1973, inclusive.

The certificates are priced to yield from 3.40% to 4.25%, according to maturity. Issuance and sale of the certificates are subject to authorization of the Interstate Commerce Commission.

The issue is to be secured by 600 all-steel self-clearing hopper cars, estimated to cost $5,092,500.

Associated in the offering are: Dick & Merle-Smith; R. W. Pressprich & Co.; Baxter & Co.; Freeman & Co; Ira Haupt & Co.; McMaster Hutchinson & Co.; Wm. E. Pollock & Co., Inc.; and Shearson, Hammill & Co.

Joins Boettcher Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Eddy Webb has joined the staff of Boettcher and Company, 828 Seventeenth Street, members of the New York Stock Exchange.

With Columbine Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John O. Carlson is now affiliated with Columbine Securities Corp., 621 Seventeenth Street.

Securities Now in Registration

★ **INDICATES ADDITIONS SINCE PREVIOUS ISSUE**
● **ITEMS REVISED**

Addressograph-Multigraph Corp. (10/8)
Sept. 17 filed 141,113 shares of common stock (par $5) to be offered for subscription by common stockholders of record Oct. 7, 1958 at rate of one new share for each 20 shares held; rights to expire on Oct. 22, 1958. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Smith, Barney & Co., New York.

Amber Oil Co., Inc.
Sept. 5 (letter of notification) 125,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For development of an oil and gas property. **Office**—1305 Continental Life Bldg., Fort Worth, Texas. **Underwriter**—Leeford Co., Inc., Fort Worth, Texas.

American Box Board Co.
Sept. 11 filed 49,732 shares of common stock (par $1) to be offered in exchange for Wolverine Carton Co. common stock at the rate of two shares of American for each share of Wolverine. The offer is subject to acceptance by at least 95% (23,623 shares) of Wolverine common stock; however, American may declare offer effective whenever it has been accepted by not less than 80% (19,983 shares) of the outstanding Wolverine common stock.

American-Caribbean Oil Co. (N. Y.)
Feb. 28 filed 500,000 shares of common stock (par 20¢). **Price**—To be supplied by amendment. **Proceeds** — To discharge current liabilities and to drill ten wells. **Underwriters**—To be named by amendment.

American Cement Corp. (10/8)
Sept. 17 filed $20,000,000 of sinking fund debentures due 1978. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for expansion program. **Underwriter**—Blyth & Co., Inc., New York.

American Mutual Investment Co., Inc.
Dec. 17 filed 490,000 shares of capital stock. **Price**—$10.20 per share. **Proceeds**—For investment in first trust notes, second trust notes and construction loans. Company may develop shopping centers and build or purchase office buildings. **Office** — 900 Woodward Bldg., Washington, D. C. **Underwriter** — None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

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

Ampal-American Israel Corp., New York
Aug. 8 filed $3,289,100 of 10-year discount convertible debentures, series E. **Price**—61.027% of principal amount, payable in cash or in State of Israel Independence Issue or Development Issue bonds. **Proceeds**—For development and expansion of agricultural, industrial and commercial enterprises in Israel. **Underwriter**—None.

Anderson Electric Corp.
Dec. 23, 1957 (letter of notification) 14,700 shares of class B common stock (par $1). **Price** — $12 per share. **Proceeds** — To go to selling stockholders. **Office** — 700 N. 44th Street, Birmingham, Ala. **Underwriters**—Cruttenden, Podesta & Co., Chicago, Ill.; and Odess, Martin & Herzberg, Inc., Birmingham, Ala.

Anita Cobre U. S. A., Inc., Phoenix, Ariz.
Sept. 30, 1957, filed 85,000 shares of common stock. **Price**—At par ($3.75 per share). **Proceeds**—For investment in subsidiary and working capital. **Underwriter**—Selected Securities, Inc., Phoenix, Ariz.

Arizona Public Finance Co., Phoenix, Ariz.
Sept. 2 filed 902,808 shares of common stock, which are issuable as underwriting commissions on the sale of an issue of $981,700 5% debentures and 9,805,603 shares of common stock now being offered publicly under an earlier registration statement. Under an underwriting agreement between the company and Public Development Corp., the underwriter, the latter will be entitled to receive common stock equal in par value to 10% of the par value of all stock sold pursuant to this offering and subsequent to June 30, 1958. Common shares will also be issued in an amount equal to 5% of the debentures sold subsequent to that date.

Associated Grocers, Inc., Seattle, Wash.
June 30 filed 4,788 shares of common capital stock (par $50) and $1,500,000 of 5% subordinated registered debenture notes, second series, and $606,000 of 5% coupon bearer debentures. To be offered to members of the association. **Proceeds** — For working capital. **Underwriter**—None.

★ **Baltimore Paint & Chemical Corp. (10/14-15)**
Sept. 17 filed $2,000,000 of 6½% sinking fund debentures due 1973, and 140,000 shares of common stock (par 50 cents) to be offered in units of $500 principal amount of debentures and 35 shares of stock. **Price**—$605 per unit. **Proceeds**—For reduction of outstanding loan and for working capital. **Office** — Baltimore, Md. **Underwriter**—P. W. Brooks & Co. Inc., New York.

Bankers Fidelity Life Insurance Co.
Feb. 28 filed 258,740 shares of common stock (par $1), of which 125,000 shares are to be offered publicly and 133,740 shares to employees pursuant to stock purchase options **Price**—To public, $6 per share. **Proceeds**—For expansion and other corporate purposes. **Office** — Atlanta, Ga. **Underwriter**—None.

Bankers Management Corp. (10/15)
Feb. 10 filed 400,000 shares of common stock (par 25 cents.) **Price**—$1 per share. **Proceeds**—To reduce outstanding indebtedness and for working capital. **Office**—Houston, Texas. **Underwriter** — McDonald, Holman & Co., Inc., New York.

Bankers Southern, Inc.
April 14 filed 8,934 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For general corporate purposes. **Underwriter** — Bankers Bond Co., Louisville, Ky.

★ **Boothe Leasing Corp., San Francisco, Calif.**
Sept. 17 (letter of notification) 25,000 shares of common stock (no par). **Price**—$12 per share. **Proceeds**—For working capital. **Office**—465 California St., San Francisco, Calif. **Underwriters**—J. Barth & Co.; Brush, Slocumb & Co., Inc.; Elworthy & Co.; Hooker & Fay; Irving, Lundborg & Co.;; and Shuman-Agnew & Co., all of San Francisco, Calif.

Bowling Corp. of America (10/10-15)
Sept. 11 filed 450,000 units, each consisting of one share of common stock (par 10 cents) and two common stock purchase warrants, one warrant to expire 18 months from the date thereof, exercisable at $3.25 per share, and one warrant to expire 30 months from the date thereof, exercisable at $3.50 per share. **Price**—$3 per unit. **Proceeds**—For working capital. **Underwriter**—Charles Plohn & Co., New York.

★ **Bureau of National Affairs, Inc.**
Sept. 8 (letter of notification) 500 shares of common stock (no par) to be offered to employees. **Price**—$35 per share. **Proceeds**—For a cash reserve to be used as needed. **Office**—1231 - 24th St., N. W., Washington 7, D. C. **Underwriter**—None.

Calidyne Co., Inc., Winchester, Mass.
June 4 filed 230,875 shares of common stock (par $1) These shares are issuable upon conversion of an aggregate principal amount of $923,500 of 10-year 3% convertible subordinated income notes of the Calidyne Co. a limited partnership, which notes were assumed by the company Dec. 31, 1957. The notes are convertible at any time after July 1, 1958, until the maturity or prior redemption of the notes at a conversion price of $4 per share. **Underwriter**—None.

★ **Canal-Randolph Corp., Chicago, Ill.**
Sept. 22 filed 91,662 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Ladenburg, Thalmann & Co., New York.

Carrtone Laboratories, Inc., Metairie (New Orleans), La.
July 2 filed 600,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—For expansion working capital and other corporate purposes. **Underwriter**—None.

Central Oils Inc., Seattle, Wash.
July 30 filed 1,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds** — For drilling costs. **Underwriter**—None. Offering to be made through A. R. Morris and H. C. Evans, President and Vice-President, respectively, on a best-efforts basis. **Office**—4112 Arcade Building, Seattle, Wash.

Charles Town Racing Association, Inc.
Sept. 9 filed 4,000,000 shares of common stock (par 10 cents), represented by voting trust certificates, of which 3,530,000 shares are to be offered to the public and the remaining 470,000 shares have been issued to nine persons, who may sell such shares at the market. **Price**—60 cents per share. **Proceeds** — For construction of racing plant and acquisition of equipment. **Office**—Charlestown, W. Va. **Underwriter**—None.

Cinemark II Productions, Inc.
June 30 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office** — 937 Acequia Madre Rd. Santa Fe, N. M. **Underwriter**—Watson & Co., Santa Fe N. M.

Clary Corp.
Aug. 27 (letter of notification) an undetermined number of shares of common stock (par $1) to be offered to stockholders on a pro rata basis (with an oversubscription privilege). **Price**—At the market (estimated at about $3.87½ per share). **Proceeds**—For working capital. **Office** 408 Junipero St., San Gabriel, Calif. **Underwriter**—None.

Clute Corp.
Aug. 21 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To pay additional costs of construction; and for retirement of obligations and working capital. **Office** — c/o John Harlan Lowell, 2200 Kenton, Aurora, Colo. **Underwriter**—Lowell, Murphy & Co., Inc., Denver, Colo.

Columbia & Rensselaer Telephone Corp.
Aug. 4 (letter of notification) 2,800 shares of common stock (no par) to be offered for subscription by stockholders at the rate of one new share for each 2.572 shares held. **Price**—$60 per share. **Proceeds**—For construction of new telephone plant. **Office**—19 Railroad Avenue, Chatham, N. Y. **Underwriter**—None.

Commerce Oil Refining Corp
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Consolidated Cuban Petroleum Corp.
July 1 filed 419,000 outstanding shares of common stock (par 20 cents). **Price**—Related to the current market price on the American Stock Exchange. **Proceeds**—To selling stockholders. **Underwriter**—None.

Consumers Power Co.
Aug. 29 filed 150,000 shares of preferred stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay short-term bank loans and for expansion and improvement of service facilities. **Underwriter** — Morgan Stanley & Co., New York. **Offering**—Postponed indefinitely.

Counselors Research Fund, Inc., St. Louis, Mo.
Feb 5 filed 100,000 shares of capital stock, (par one cent) **Price**—At market **Proceeds**—For investment. **Underwriter** — Counselors Research Sales Corp., St. Louis Robert H. Green is President.

Cuban-Venezuelan Oil Voting Trusts, Havana, Cuba
March 31 filed 767,838 units of voting trust certificates, each certificate representing the ownership of one share of common stock (par one-half cent) in each of 24 Cuban companies. **Price** — To be supplied by amendment. **Proceeds**—For capital expenditures, exploration costs and other corporate purposes. **Underwriter**—None.

Daybreak Uranium, Inc., Opportunity, Wash.
Jan. 29 filed 1,156,774 shares of common stock (par 10 cents), of which 630,000 shares are to be offered for account of company and 526,774 shares for selling stockholders. **Price**—At market. **Proceeds**—For exploration and drilling costs and other corporate purposes. **Underwriter**—Herrin Co., Seattle, Wash.

Derson Mines Ltd.
June 5 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For new equipment, repayment of loan, acquisition of properties under option, and other corporate purposes. **Office**—Toronto, Canada, and Emporium, Pa. **Underwriter**—None.

Dow Chemical Co., Midland, Mich.
Sept. 11 filed 175,000 shares of common stock (par $5) to be offered to employees of the company, its subsidiaries, and certain associated companies. By a separate registration statement the company plans to offer 12,500 additional shares of the said stock to employees of Dow Corning Corp., a 50% owned subsidiary of the corporation.

Electronic Specialty Co., Los Angeles, Calif.
Aug. 8 (letter of notification) not in excess of $50,000 aggregate value of common stock (par 50 cents) to be sold in State of California only. **Price**—At market (estimated at about $12.25 per share). **Proceeds**—To selling stockholders. **Underwriter**—Bateman, Eichler & Co., Los Angeles, Calif.

Ethodont Laboratories, Berkeley, Calif.
Feb. 20 filed 300,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To cover operating expense during the development period of the corporation. **Underwriter**—None.

Exploration Service Co., Ltd., Far Hills, N. J.
Aug. 11 this company and Amkirk Petroleum Corp. (latter of Fort Worth, Texas) filed $400,000 of working interests (non-producing in Sinu Valley Project), to be offered for sale in $12,500 units (of which $8,000 is payable in cash and $4,500 is to be represented by promissory notes). **Proceeds**—Exploration Service Co. to acquire 80% interest in a certain concession from Amkirk and for exploration program. **Underwriter**—Cador, Inc., Far Hills, N. J.

Federal Commercial Corp.
May 21 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—To make loans, etc. **Office** — 80 Wall St., New York, N. Y. **Underwriter**—Dumont Securities Corp., New York, N. Y.

● **Fields' Louisiana Corp., Baton Rouge, La.**
July 31 filed 400 shares of common stock (no par) $500,000 of 6% debenture bonds and $50,000 of promissory notes to be offered in units of four shares of stock, $5,000 of bonds and $500 of notes. **Price**—$7,500 per unit. **Proceeds**—To take over a contract to purchase the Bellemont Motor Hotel in Baton Rouge; for equipment; and working capital. **Underwriter**—None. In our issue of Sept. 18 it was erroneously stated that this registration statement had been withdrawn on June 27.

● **First Backers Co., Inc., Clifton, N. J.**
April 7 filed $1,000,000 of 12% notes, payable nine months after date of issue in units of $100 or in multiples thereof. **Price**—100% of principal amount. **Proceeds**—To be used solely for purchase of notes and other indebtedness issued in payment for improvements on homes and secured by mortgages or other liens upon the improved properties. **Underwriter** — None. Statement withdrawn on June 27.

Florida Steel Corp. (9/30)
Sept. 9 filed 74.925 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To

selling stockholders. **Underwriter** — McDonald & Co., Cleveland, Ohio, and Kidder, Peabody & Co., New York.

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 reduce the company's indebtedness, for working capital, and for property additions and improvements. **Underwriter** — Beil & Hough, Inc., St. Petersburg, Fla.

★ **Fordham Products Corp.**
Sept. 17 (letter of notification) 27,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For working capital. **Office**—2118 E. Jefferson St., Phoenix, Ariz. **Underwriter**—None.

★ **Forest Grove Homebuilders & Investors, Inc.**
Sept. 8 (letter of notification) an undetermined number of shares of common stock. **Price**—At par ($100 per share). **Proceeds**—To pay off short term bank loans and for working capital. **Office**—1930 Council Street, Forest Grove, Ore. **Underwriter**—None.

Forest Laboratories, Inc.
March 26 filed 150,000 shares of capital stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For sales promotion of company's products, working capital, additional inventory and accounts receivable, for research and development and for other general corporate purposes. **Office**—Brooklyn, N. Y. **Underwriters**—Statement to be amended.

Fremont Valley Inn
Aug. 6 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To erect and operate an activities building, comprising a restaurant, cocktail lounge and coffee shop. **Office**—3938 Wilshire Blvd., Los Angeles, Calif. **Underwriter**—Oscar G. Werner & Co., Pasadena, Calif.

● **Frontier Refining Co. (9/29-10/3)**
Aug. 29 filed $2,000,000 of 5½%, 5¾%, 6% and 6½% serial debentures, series of 1958. **Price**—$1,000 per unit. **Proceeds**—For working capital. **Underwriters**—Peters, Writer & Chirstensen, Inc., and Garrett - Bromfield & Co., both of Denver, Colo.

General Aniline & Film Corp., New York
Jan. 14, 1957 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1) **Proceeds**—To the Attorney General of the United States. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Lehman Brothers, and Glore, Forgan & Co. (jointly). **Bids**—Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.

General Devices, Inc., Princeton, N. J.
March 31 (letter of notification) 40,000 shares of common stock (par $1) to be offered for subscription by stockholders at the rate of approximately 18.5 shares for each 100 shares held about April 15; unsubscribed shares to public. **Price**—$3.50 per share. **Proceeds**—For expansion, equipment and working capital. **Underwriter**—None.

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

Great American Realty Corp., N. Y.
Aug. 18 filed 484,000 shares of class A stock (par 10 cents). Of this stock, the company proposes to offer 400,000 shares and certain selling stockholders 40,000 shares, the remaining 44,000 shares being subject to option to be offered for the account of the underwriters **Price**—To be supplied by amendment. **Proceeds**—For working capital and other corporate purposes. **Underwriters**—Joseph Mandell Co. and Louis L. Rogers Co., both of New York, on a best efforts basis.

★ **Great Divide Mining Corp., Las Vegas, Nev.**
Sept. 19 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration and development of mining properties. **Office**—130 South Fourth St., Las Vegas, Nev. **Underwriter**—None.

Great Northern Life Insurance Co.
Aug. 12 (letter of notification) 31,011 shares of common stock (par $1) to be offered to stockholders on the basis of one new share for each seven shares held; warrants to expire Sept. 20, 1958. Unsubscribed shares to be offered to stockholders until Oct. 20, 1958; then to public. **Price**—$3 per share. **Proceeds**—For general funds to be used for expansion. **Office**—119 W. Rudisill Blvd., Fort Wayne, Ind. **Underwriter**—Northwestern Investment Inc., 502 Gettle Bldg., Fort Wayne, Ind.

★ **Group Securities Inc.**
Sept. 16 filed (by amendment) an additional 1,000,000 shares of capital stock (par one cent). **Price**—At market. **Proceeds**—For investment.

Guardian Insurance Corp., Baltimore, Md.
Aug. 16, 1957, filed 300,000 shares of common stock, of which 200,000 shares are to be publicly offered and the remaining 100,000 shares reserved for issuance upon exercise of warrants which are to be sold at 25 cents per warrant to organizers, incorporators, management, and/or directors. **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—None.

Gulf States Utilities Co.
Aug. 14 filed $17,000,000 of first mortgage bonds, series A, due 1988. **Proceeds**—Together with cash on hand, to redeem and retire $17,000,000 principal amount of 4⅞% first mortgage bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith and White, Weld & Co. (jointly); Stone & Webster Securities Corp.; and Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Had been expected to be received on Sept. 15, but has been indefinitely postponed.

Harshaw Chemical Co. (9/30)
Sept. 9 filed $7,000,000 of 20-year debentures due 1978. **Price**—To be supplied by amendment. **Proceeds**—To be used for the retirement of indebtedness totaling $3,500,000, for capital improvements to chemical manufacturing 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.

★ **Hauserman (E. F.) & Co. (10/15)**
Sept. 23 filed 165,000 shares of common stock (par $1), of which 73,000 shares are to be sold for account of company and 92,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For plant expansion. **Underwriters**—Blyth & Co., Inc., New York, and McDonald & Co., Cleveland, Ohio.

Hawaiian Electric Co., Ltd. (10/6-10)
Sept. 12 filed 225,000 shares of series G cumulative preferred stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters** — Dillon, Read & Co. Inc., New York; and Dean Witter & Co., San Francisco, Calif.

● **Haydu Electronic Products, Inc. (10/6)**
Sept. 3 (letter of notification) $300,000 6% convertible subordinated debentures due Dec. 31, 1968. To be offered for public sale. **Price**—$100 per $100 of debentures. **Proceeds**—For working capital and for general corporate purposes. **Office**—1426 West Front St., Plainfield, N. J. **Underwriter** — Berry & Co., Plainfield, N. J. and New York, N. Y.

Hoagland & Dodge Drilling Co., Inc.
June 12 filed 27,000 shares of capital stock. **Price**—$10 per share. **Proceeds**—To be used in part for the exploration of mines and development and operation of mines and in payment of indebtedness. **Office**—Tucson, Ariz. **Underwriter**—None.

Household Gas Service, Inc.
Sept. 10 (letter of notification) $75,000 6% convertible debentures due June 15, 1973 to be offered in denominations of $1,000 and $500 each. **Price**—At par. **Proceeds**—For repayment of debt and for working capital. **Office**—Clinton, N. Y. **Underwriter**—Mohawk Valley Investing Co., Inc., Utica, N. Y.

Idaho Manufacturing Co., Inc.
Aug. 22 (letter of notification) 2,000 shares of class A stock (par $15), $170,000 of 6% subordinated debentures and 2,000 shares of class B stock (par $15) to be offered first to stockholders. **Price**—$15 per share for class A and $100 per unit to stockholders (each unit consisting of $85 of debentures and one class B share). **Proceeds**—For expenses of setting up production and distribution; manufacturing and operating expenses and for operating capital. **Office**—210 North 30th, P. O. Box 5070, Boise, Ida. **Underwriter**—First Idaho Corp., Boise, Ida.

Idaho Power Co. (10/14)
Sept. 17 filed $15,000,000 of first mortgage bonds due 1988. **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Lazard Freres & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Bids**—Expected to be received on Oct. 14.

Continued on page 48

NEW ISSUE CALENDAR

September 26 (Friday)
North Carolina Natural Gas Corp.____Debs. & Com.
(Kidder, Peabody & Co.) $8,580,000

September 29 (Monday)
Frontier Refining Co.________________Debentures
(Peters, Writer & Christensen, Inc. and Garrett-Bromfield & Co.) $2,000,000

September 30 (Tuesday)
Chicago & North Western Ry.________Equip. Tr. Ctfs.
(Bids noon CDT) $1,875,000
Florida Steel Corp.________________Common
(Kidder, Peabody & Co.) 74,925 shares
Harshaw Chemical Co.________________Debentures
(Morgan Stanley & Co. and McDonald & Co.) $7,000,000
International Rectifier Corp.________________Common
(Blyth & Co., Inc.) 180,000 shares
Mountain States Telephone & Telegraph Co.________________Common
(Offering to stockholders—no underwriting) $70,096,100

October 1 (Wednesday)
Imperial Packing Corp.________________Common
(Simmons & Co.) $290,000
National Fuel Gas Co.________________Debentures
(Bids 11:30 a.m. EDT) $10,000,000
Pennroad Corp.________________Common
(Offering to stockholders—underwritten by Kuhn, Loeb & Co.) 1,286,619 shares
Universal-Cyclops Steel Corp.________________Debentures
(A. G. Becker & Co., Inc.) $22,500,000
Wellington Equity Fund, Inc.________________Common
(Kidder, Peabody & Co.; Bache & Co.; Reynolds & Co. Inc. and Dean Witter & Co.) $24,000,000

October 6 (Monday)
Hawaiian Electric Co., Ltd.________________Preferred
(Dillon, Read & Co. Inc. and Dean Witter & Co.) $4,500,000
Haydu Electronic Products, Inc.________________Debentures
(Berry & Co.) $300,000
Peoples Gas Light & Coke Co.________________Common
(Offering to stockholders—underwritten by Glore, Forgan & Co. and The First Boston Corp.) 447,346 shares

October 7 (Tuesday)
Madison Gas & Electric Co.________________Bonds
(Bids 10 a.m. CDT) $11,000,000

October 8 (Wednesday)
Addressograph-Multigraph Corp.________________Common
(Offering to stockholders—to be underwritten by Smith, Barney & Co.) 141,113 shares
American Cement Corp.________________Debentures
(Blyth & Co., Inc.) $20,000,000
Grace Line, Inc.________________Bonds
(Merrill Lynch, Pierce, Fenner & Smith; Paine, Webber, Jackson & Curtis; Smith, Barney & Co., and F. Eberstadt & Co.) $9,000,000
Northwestern Steel & Wire Co.________________Common
(Blyth & Co., Inc.) 125,000 shares
R T & E Corp.________________Common
(Loewi & Co.) $611,100

October 9 (Thursday)
Arabol Manufacturing Co.____Preferred & Common
(Bids 11 a.m. EDT) 210 shares of preferred and 515.6 shares of common
Norfolk & Western Ry.________Equip. Trust Ctfs.
(Bids to be received) $7,440,000

October 10 (Friday)
Bowling Corp. of America________________Common
(Charles Plohn & Co.) $1,350,000
Israel-Negev Petroleum Corp.________________Common
(Alkow & Co., Inc.) $750,000

October 13 (Monday)
Weingarten Markets Realty Co.
Debentures & Common
(Moroney, Beissner & Co.) $1,600,000 of debentures and 50,000 common shares

October 14 (Tuesday)
Baltimore Paint & Chemical Corp.
Debentures & Common
(P. W. Brooks & Co. Inc.) $2,420,000
Idaho Power Co.________________Bonds
(Bids to be received) $15,000,000
Transcontinental Gas Pipe Line Corp.____Common
(White, Weld & Co. and Stone & Webster Securities Corp.) 600,000 shares

October 15 (Wednesday)
Bankers Management Co.________________Common
(McDonald, Holman & Co., Inc.) $400,000
Hauserman (E. F.) & Co.________________Common
(Blyth & Co., Inc. and McDonald & Co.) 165,000 shares
Weingarten (J.), Inc.________________Debentures
(White, Weld & Co. and Moroney, Beissner & Co.) $6,500,000

October 21 (Tuesday)
Cincinnati & Suburban Bell Telephone Co.___Debs.
(Bids to be received) $25,000,000

November 6 (Thursday)
Indiana & Michigan Electric Co.________________Bonds
(Bids 11 a.m. EST) $20,000,000

November 10 (Monday)
Perrine Industries, Inc.________Class A common
(Charles Plohn & Co.; Plymouth Bond & Share Corp., and Clayton Securities Corp.) $600,000

November 13 (Thursday)
Norfolk & Western Ry.________Equip. Trust Ctfs.
(Bids to be received) $5,310,000

November 18 (Tuesday)
Pacific Telephone & Telegraph Co.____Debentures
(Bids to be invited) $80,000,000

December 18 (Thursday)
Norfolk & Western Ry.________Equip. Trust Ctfs.
(Bids to be received) $6,450,000

Postponed Financing

Consumers Power Co.________________Preferred
(Morgan Stanley & Co.) $15,000,000
Gulf States Utilities Co.________________Bonds
(Bids to be invited) $17,000,000
Laclede Gas Co.________________Bonds
(Bids to be invited) $10,000,000
Michigan Bell Telephone Co.________Debentures
(Bids to be invited) $40,000,000
Montana Power Co.________________Bonds
(Bids to be invited) $20,000,000
Moore-McCormack Lines, Inc.________________Bonds
(Kuhn, Loeb & Co and Lehman Brothers) $24,000,000
New England Telephone & Telegraph Co.___Debens.
(Bids to be invited) $40,000,000
Pennsylvania Power Co.________________Bonds
(Bids to be invited) $8,000,000
South Carolina Electric & Gas Co.________Bonds
(Bids to be invited) $10,000,000
Southwestern Bell Telephone Co.______Debentures
(Bids to be invited) $110,000,000
Utah Power & Light Co.________________Bonds
(Bids to be invited) $20,000,000

Continued from page 47

Imperial Packing Corp. (10/1)
Aug. 21 (letter of notification) 290,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses in the production of citrus juices and by-products and working capital. **Office**—Anaheim, Calif. **Underwriter**—Simmons & Co., New York, N. Y.

Industrial Minerals Corp., Washington, D. C.
July 24 filed 600,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To develop and operate graphite and mica properties in Alabama. **Underwriters**—Dearborn & Co. and Carr-Rigdom & Co., both of Washington, D. C., on a best efforts basis.

Industro Transistor Corp. (N. Y.)
Feb. 28 filed 150,000 shares of common stock (par 10 cents). **Price**—To be related to the market price. **Proceeds**—For working capital and to enlarge research and development department. **Underwriter** — S. D. Fuller & Co., New York. **Offering**—Being held in abeyance.

International Opportunity Life Insurance Co.
June 2 filed 5,000,000 shares of common stock (par $1) **Price**—$5 per share. **Proceeds**—For working capital and other corporate purposes. **Office**—Denver, Colo. **Underwriter**—Columbine Securities Corp., Denver, Colo.

International Rectifier Corp. (9/30)
Sept. 9 filed 180,000 shares of common stock (par $1), of which 80,000 shares are to be sold for the account of the company and 100,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif., and New York, N. Y.

Investors Realty Mortgage & Financial Corp.
July 24 filed $250,000 of investors income certificates (6% 10-year maturities) and 125,000 shares of class A common stock. **Price**—The certificates will be offered in various denominations at 100% per certificate, and the class A common stock at $2 per share. **Proceeds**—For the purpose of owning, buying and selling, and otherwise dealing in real estate, or matters pertaining to real estate and the improvement thereof, in the areas in which the company will operate. **Office**—Aiken, S. C. **Underwriter**—None.

● **Israel-Negev Petroleum Corp. (10/10)**
Aug. 29 filed 750,000 shares of capital stock (par 20 cents). **Price**—$1 per share; but the company may grant to purchasers of 100,000 or more shares a discount of 37½% from the offering price. **Business**—To engage primarily in the business of exploring for, acquiring interests in, developing and operating oil and gas properties in Israel. **Proceeds**—For drilling and exploration purposes. **Underwriter**—Alkow & Co., Inc. (formerly Henry Montor Associates, Inc.), New York.

★ **Itek Corp.**
Sept. 15 (letter of notification) 9,340 shares of common stock (par $1) to be offered for subscription by common stockholders on basis of one share for each 12 shares held. Unsubscribed shares to be sold to certain stockholders. The offering will be made sometime in October. **Price**—$30 per share. **Proceeds** — For working capital and acquisition of a plant site. **Office**—1605 Trapelo Rd., Waltham, Mass. **Underwriter**—None.

★ **Junior Motels of America, Inc.**
Sept. 11 (letter of notification) 270,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—Room 314, 1st National Bank Annex, Mobile, Ala. **Underwriter**—None.

★ **Keystone Custodian Funds, Inc.**
Sept. 15 filed (by amendment) an additional 1,000,000 shares of Keystone Custodian Fund Certificates of Participation Series S4 and an additional 500,000 shares of Keystone Custodian Fund Certificates of Participation Series B3. **Price**—At market. **Proceeds**—For investment.

Kinsman Manufacturing Co., Inc.
Aug. 25 (letter of notification) 1,482 shares of common stock (no par). **Price** — $100 per share. **Proceeds** — To pay off short-term obligations and to improve working capital. **Office**—90 Mill St., Laconia, N. H. **Underwriter** —None.

Laclede Gas Co.
June 18 filed $10,000,000 of first mortgage bonds due 1983. **Proceeds**—To refund 4⅞% first mortgage bonds due 1982. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc.; Lehman Brothers, Merrill Lynch, Pierce, Fenner & Smith and Reinholdt & Gardner (jointly); Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids** —Had been expected to be received up to 11 a.m. (EDT) on July 8, but offering has been postponed indefinitely.

Laughlin Alloy Steel Co., Inc.
Aug. 23 filed $500,000 of 6% subordinated callable debentures due June 30, 1968, and 150,000 shares of common stock (par 10 cents) to be offered in units of $100 of debentures and 30 common shares. **Price**—$100 per unit. **Proceeds**—Together with a $175,000 mortgage loan from the American Brake Shoe Co., will be used to meet expenditures in acquiring latter company's South San Francisco foundry and for working capital. **Offices**—Las Vegas, Nev., and South San Francisco, Calif. **Underwriter** —Sam Watson Co., Inc., Little Rock, Ark., on a best efforts basis.

Leader-Cleveland Realty Associates, N. Y.
July 16 filed $1,280,000 of participations in partnership interests. **Price**—$10,000 per participation. **Proceeds**—To purchase the Leader Building in Cleveland, Ohio. **Underwriter**—None.

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

● **Lowell Gas Co., Lowell, Mass.**
Aug. 28 filed 15,400 shares of common stock (par $25). Of this stock, 12,000 shares are being offered in behalf of the issuing company and 3,400 shares by American Business Associates, present owner of 68,178 (98.86%) of the 68,962 outstanding shares. The 12,000 shares are being offered for subscription by existing stockholders at the rate of two new shares for each 11 shares owned as of Sept. 17; rights to expire on Oct. 10. The parent will not exercise its rights to its pro rata share. **Price**—$45 per share. **Proceeds**—Together with other funds, will be applied to pay short-term construction notes payable to banks, and any balance will be applied to reimburse the company for expenditures made for property additions. **Underwriter**—F. L. Putnam & Co., Inc., Boston, Mass.

● **Madison Gas & Electric Co. (10/7)**
Sept. 10 filed $11,000,000 of first mortgage bonds due 1988. **Proceeds**—To repay short-term bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The Milwaukee Co., and Dean Witter & Co. (jointly); The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Smith; Otis & Co., Inc.; Smith, Barney & Co. and Robert W. Baird & Co. (jointly); Eastman Dillon, Union Securities & Co. **Bids**—To be received up to 10 a.m. (CDT) on Oct. 7, at 111 West Monroe St., Chicago, Ill.

● **Magna Investment & Development Corp.**
May 26 filed 56,000 shares of common stock and $500,000 of 6% convertible debentures. **Price**—For debentures, at par (in $1,000 units); and for common stock, $4.50 per share. **Proceeds**—For contractual obligations, for working capital, and other general corporate purposes. **Business** — To engage primarily in the development and operation of various properties, including shopping centers. **Office**—Salt Lake City, Utah. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah. **Offering**—Expected sometime in October.

Mairs & Power Fund, Inc., St. Paul, Minn.
Aug. 6 filed 40,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office**—1002 First National Bank Bldg., St. Paul, Minn.

Martin Co., Baltimore, Md.
June 11 filed $25,000,000 of sinking fund debentures, due July 1, 1978. **Proceeds** — Working capital and general corporate purposes. **Price**—To be supplied by amendment. **Underwriter**—Smith, Barney & Co., N. Y. **Offering**, which was expected on July 2, has been postponed. Issue to remain in registration.

Mason Mortgage & Investment Corp.
Aug. 20 filed $6,000,000 of warranty and repurchase agreements and 5,000 shares of cumulative preferred stock, 6% dividend series, the latter shares to be offered principally to holders of whole mortgage notes and related warranty agreements, although the company reserves the right to offer such stock to others. **Price**—For preferred stock, at par ($200 per share). **Proceeds**—To be used principally for the purchase of additional mortgage notes for resale to others. **Office**—2633 15th Street, N. W., Washington, D. C. **Underwriter**—None.

Mayfair Markets
March 24 (letter of notification) 5,000 shares of 6% cumulative preferred stock (par $50) and 5,000 shares of common stock (par $1) to be offered in units of one share of preferred and one share of common stock. **Price** —$60 per unit. **Proceeds**—For working capital. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

★ **Mid-America Minerals, Inc., Oklahoma City, Okla.**
Sept. 17 filed $224,000 of Working Interests in properties located in Uintah County, Utah.

Middle States Telephone Co. of Illinois
Aug. 20 (letter of notification) 12,906 shares of common stock (par $10) being offered for subscription by stockholders of record Sept. 16, 1958 on the basis of one new share for each 12½ shares held as of record Sept. 16; rights to expire on Sept. 30. **Proceeds** — To discharge short term loans and for working capital. **Office** — 416 Margaret St., Pekin, Ill. **Underwriter**—None.

Mid-West Durex Co., Kansas City, Mo.
July 14 filed 725,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For construction of plant and for working capital. **Underwriter**—Investment Sales, Inc., 532 E. Alameda Ave., Denver 9, Colo.

Midwest No-Joint Concrete Pipe Co.
Aug. 22 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital. **Address**—P. O. Box 550, Rocky Ford, Colo. **Underwriter**—IAI Securities Corp., Englewood, Colo.

Milgo Electronic Corp.
Aug. 6 (letter of notification) 10,000 shares of common stock (par $1) to be offered for subscription by present stockholders on the basis of one share for each 8.8 shares owned of record date. Rights expire in September. **Price**—$24 per share to stockholders; $26 to general public. **Proceeds**—For test equipment and working capital. **Office**—7601 N. W. 37th Avenue, Miami, Fla. **Underwriter**—None.

Minerals Consolidated, Inc., Salt Lake City, Utah
Aug. 29 filed 1,000,000 units, each consisting of one share of common stock (par 10 cents) and two warrants to purchase one common share. **Price**—$1 per unit. **Proceeds** —For drilling, exploration and development of oil and gas properties. **Underwriter**—None.

Montana Power Co.
July 1 filed $20,000,000 of first mortgage bonds due 1988. **Proceeds** — Together with other funds, to be used to repay $15,500,000 in bank loans and to carry on the company's construction program through 1959. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Bros.; Merrill Lynch, Pierce, Fenner & Smith, and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Kidder Peabody & Co., Smith, Barney & Co. and Blyth & Co., Inc. (jointly). **Bids**—Had been expected to be received up to noon (EDT) on Aug. 26 at Room 2033, Two Rector St., New York, N. Y., but company on Aug. 22 again decided to defer sale pending improvement in market conditions.

Montana Power Co.
July 1 filed 100,000 shares of common stock (no par). The stock will be offered only to bona fide residents of Montana. **Price**—To be related to the current market price on the New York Stock Exchange. **Proceeds**—Together with other funds, to carry on the company's construction program through 1959. **Manager-Dealers** — Smith, Barney & Co., Kidder, Peabody & Co. and Blyth & Co., Inc.

Motion Picture Investors Inc.
July 11 filed 200,000 shares of common stock (par $1). **Price**—$10.75 per share. **Proceeds**—For investment. **Office**—1000 Power & Light Bldg., Kansas City, Mo. **Underwriter**—None.

● **Mountain States Telephone & Telegraph Co. (9/30)**
Sept. 3 filed 700,961 shares of capital stock to be offered for subscription by stockholders of record Sept 26, 1958 at rate of one new share for each five shares held; rights to expire on Oct. 24, 1958. **Price** — At par ($100 per share). **Proceeds** — To repay advances from American Telephone & Telegraph Co., the parent; and for general corporate purposes. **Underwriter**—None. **Control**—The parent owns over 80% of the 3,504,809 outstanding shares.

Municipal Investment Trust Fund, Inc. (N. Y.)
May 9, 1957 filed 5,000 units of undivided interests in Municipal Investment Trust Fund, Series A. **Price**—At market. **Proceeds**—For investment. **Sponsor**—Ira Haupt & Co., New York.

National Beryl & Mining Corp., Estes Park, Colo.
May 16 (letter of notification) 2,916,000 shares of non-assessable common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Underwriter** —Birkenmayer & Co., Denver, Colo.

National Educators Finance Corp.
June 4 (letter of notification) 50,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—To train and procure persons to implement and carry out the projected plan of development and operation. **Office**—1406 Pearl St., Boulder, Colo. **Underwriter**—Western Securities Co., Boulder, Colo.

National Fuel Gas Co. (10/1)
Aug. 22 filed $25,000,000 of sinking fund debentures due Oct. 1, 1983 (subsequently reduced by amendment to $10,000,000). **Proceeds**—To repay bank loans. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co. and Wertheim & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received up to 11:30 a.m. (EDT) on Oct. 1 at Room 2033, Two Rector St., New York 6, N. Y.

Nebraska Consolidated Mills Co., Omaha, Neb.
Sept. 9 filed 49,423 shares of common stock (par $10) to be offered for subscription by common stockholders at rate of one new share for each eight shares held (with an oversubscription privilege). **Price** — $10 per share. **Proceeds**—For general corporate purposes. **Underwriter** —None.

Nedow Oil Tool Co.
May 5 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—To pay loan; to acquire fishing tools for leasing; and for working capital. **Office**—931 San Jacinto Bldg., Houston, Tex. **Underwriter**—T. J. Campbell Investment Co., Inc., Houston, Tex.

New England Telephone & Telegraph Co.
July 31 filed $40,000,000 of 34-year debentures due Sept. 1, 1992. **Proceeds** — To refund a like amount of 4½% first mortgage bonds, series B, due May 1, 1961, which are intended to be redeemed on Nov. 1, 1958. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. **Bids**—Were to have been received at Room 2315, 195 Broadway, New York, N. Y., up to 11 a.m. (EDT) on Aug. 26, but company on Aug. 20 decided to postpone refunding program.

● **North Carolina Natural Gas Corp. (9/26)**
July 31 filed $5,260,000 of subordinated income debentures due Aug. 15, 1983, and 520,000 shares of common stock (par $2.50) to be offered in units of $20 of debentures and two shares of stock. **Price**—To be supplied by amendment (a maximum of $33 per unit). **Proceeds** — Together with funds from private placement of $13,750,000 of 5⅝% first mortgage pipeline bonds due June 1, 1979, to be used for construction program and working capital. **Office**—Fayetteville, N. C. **Underwriter**—Kidder, Peabody & Co., New York.

North Carolina Telephone Co.
June 19 (letter of notification) 207,143 shares of common stock to be offered to common stockholders at the ratio of one share for each six shares held. **Price**—At par ($1 per share). **Proceeds**—To pay off obligations and for telephone plant construction. **Underwriter**—None.

Northwest Gas & Oil Exploration Co.
Aug. 22 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For acquisition of additional gas and oil interests and corporate administrative expenses. **Office**—150 Broadway, New York 38, N. Y. **Underwriter** — Greenfield & Co., Inc., New York 5, N. Y.

Northwestern Steel & Wire Co. (10/8)
Sept. 12 filed 125,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Blyth & Co., Inc., New York.

Oak Ridge, Inc.
Sept. 4 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For working capital. **Office**—11 Flamingo Plaza, Hialeah, Fla. **Underwriter** — Henry & Associates, Inc., 11 Flamingo Plaza, Hialeah, Fla.

★ **Oakite Products, Inc.**
Sept. 19 (letter of notification) not in excess of 3,310 shares of common stock (par $5) to be offered for subscription by employees. **Price**—$17 per share on installment basis and $19 per share on cash basis. **Proceeds**—For working capital. **Office**—19 Rector St., New York 6, N. Y. **Underwriter**—None.

Oil & Mineral Operations, Inc., Tulsa, Okla.
April 14 filed 200,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—For payment of loans, various—To acquire and operate mining claims and oil and gas equipment, and a reserve for future operations. **Business** properties. **Underwriter**—Universal Securities Co., Enterprise Building, Tulsa, Okla.

O. T. C. Enterprises Inc.
March 6 (letter of notification) 23,200 shares of common class B stock (par $1). **Price**—$5 per share. **Proceeds**—For completion of plant plans; land; construction and operating expenses. **Office**—2502 N. Calvert St., Baltimore 18, Md. **Underwriter**—Burnett & Co., Sparks, Md.

★ **Pacific Power & Light Co.**
Sept. 8 (letter of notification) an undetermined number of shares of common stock (par $6.50) to be offered to employees under Employees Stock Purchase Plan. **Price**—95% of average weekly bid prices in month prior to subscription. **Proceeds**—For working capital. **Office**—920 S. W. Sixth Avenue, Portland 4, Ore. **Underwriter**—None.

Paradox Production Corp., Salt Lake City, Utah
April 18 filed 767,818 shares of common stock (par $1), of which 100,000 shares are to be offered by the company in exchange for oil and gas properties and 3,000 for services; the remaining 664,818 shares are to be offered to the public. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Market Securities, Inc., Salt Lake City, Utah. Statement effective June 5.

★ **Pauley Petroleum, Inc., Los Angeles, Calif.**
Sept. 24 filed 500,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For repayment of notes and for working capital. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

Peckman Plan Fund, Inc., Pasadena, Calif.
May 19 filed 20,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—Investors Investments Corp., Pasadena, Calif.

Peerless Weighing & Vending Machine Corp.
June 27 (letter of notification) a maximum of 25,000 shares of common stock (par $1) to be offered to minority stockholders on the basis of one new share for each four shares held. Any unsubscribed shares will be purchased by Rock-Ola Mfg. Corp. Warrants expire 20 days from date of issuance. **Price**—$4.25 per share. **Proceeds**—For working capital. **Office**—800 N. Kedzie Ave., Chicago 51, Ill. **Underwriter**—None.

★ **Penn Square Mutual Fund, Reading, Pa.**
Sept. 22 filed (by amendment) 400,000 additional shares of beneficial interest in the Fund. **Price**—At market. **Proceeds**—For investment.

★ **Perrine Industries, Inc., Miami, Fla. (11/10-14)**
Sept. 23 filed 150,000 shares of class A common stock (par $1), of which 125,000 shares are to be sold for account of company and 25,000 shares for selling stockholders. **Price**—$4 per share. **Proceeds**—$150,000 for expansion of business of Glass Arts, Inc., a subsidiary; $100,000 for reduction of indebtedness; and the balance for general corporate purposes. **Underwriters**—Charles Plohn & Co., New York; Plymouth Bond & Share Corp., Miami, Fla.; and Clayton Securities Corp., Boston, Mass.

★ **Pine Street Fund, Inc., New York**
Sept. 22 filed (by amendment) 113,285 additional shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment.

Pennroad Corp. (10/1)
Sept. 12 filed 1,286,619 shares of common stock (par $1) to be offered for subscription by common stockholders of record Oct. 1, 1958 on the basis of one new share for each four shares held (with an oversubscription privilege); rights to expire Oct. 15. **Price**—To be supplied by amendment. **Proceeds**—For additional investments and general corporate purposes. **Change in Name**—The corporation's name to be changed to Madison Fund, Inc. **Underwriter**—Kuhn, Loeb & Co., New York.

Pennsylvania Power Co.
Aug. 1 filed $8,000,000 of first mortgage bonds due 1988. **Proceeds**—To redeem a like amount of 5% first mortgage bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White Weld & Co.; Equitable Securities Corp., and Shields & Co. (jointly); Lehman Brothers, Eastman Dillon, Union Securities & Co., Salomon Bros. & Hutzler and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith and Dean Witter & Co. (jointly). **Bids** — Tentatively had been expected to be received up to 11 a.m. (EDT) on Aug. 27 but company on Aug. 22 decided to defer sale pending improvement in market conditions.

Peoples Gas Light & Coke Co. (10/6)
Sept. 12 filed 447,346 shares of capital stock (par $25) to be offered for subscription by stockholders of record Oct. 2, 1958 at rate of one new share for each 11 shares held; rights to expire on Oct. 20, 1958. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans, for advances to or additional equity investments in subsidiaries and for construction program. **Underwriters**—Glore, Forgan & Co. and The First Boston Corp., both of New York.

Pioneer Telephone Co., Waconia, Minn.
Sept. 10 (letter of notification) 3,000 shares of 5¼% series F cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For expansion and improvements. **Underwriter**—M. H. Bishop & Co., Minneapolis, Minn.

Policy Advancing Corp.
March 25 (letter of notification) 30,250 shares of common stock (par $5) to be offered for subscription by common stockholders at the rate of one new share for each share held; unsubscribed shares to be offered to debenture holders and to others. **Price**—$8 per share. **Proceeds**—For working capital. **Office**—27 Chenango St., Binghamton, N. Y. **Underwriter**—None.

Ponce de Leon Trotting Association, Inc.
Aug. 7 filed 400,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—To pay current liabilities, for new construction and working capital. **Office**—Bayard, Fla. **Underwriter**—Robert L. Ferman Co., Inc., Miami, Fla.

Prairie Fibreboard Ltd.
Aug. 18 filed 209,993 shares of common stock (par $1.50) to be offered for sale to residents of Canada in the Provinces of Manitoba, Saskatchewan and Alberta and to residents of the United States "only in the State of North Dakota." **Price** — $3 per share. **Proceeds** — For construction purpose. **Office** —Saskatoon, Saskatchewan, Canada. **Underwriter**—Allied Securities Ltd., and United Securities, Ltd., both of Saskatoon, Canada.

Precise Development Corp.
Sept. 8 (letter of notification) 60,000 shares of 20-cent convertible preferred stock (par $1) and 60,000 shares of common stock (par 25 cents) to be offered in units of one share of preferred stock and one share of common stock. **Price**—$5 per unit. **Proceeds**—To reduce outstanding bank loans and for general working capital, etc. **Office** — 2 Neil Court, Oceanside, Long Island, N. Y. **Underwriter**—R. A. Holman & Co., Inc., 54 Wall St., New York, N. Y.

Preferred Risk Life Insurance Co.
Sept. 8 filed 250,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To increase capital and surplus. **Office**—Colorado Springs, Colo. **Underwriter**—None.

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

Public Service Co. of Indiana, Inc.
Aug. 27 filed 242,826 shares of 4.80% cumulative convertible preferred stock (par $100) being offered for subscription by common stockholders of record Sept. 16, 1958 on the basis of one preferred share for each 20 common shares held; rights to expire on Oct. 6, 1958. **Price**—$100 per share. **Proceeds**—To reduce bank loans. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

Rassco Financial Corp.
June 26 filed $1,000,000 of 15-year 6% series A sinking fund debentures due 1973, to be offered in denominations of $500 and $1,000. **Price**—At par. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Rassco Israel Corp., New York, on a "best efforts" basis.

Reynolds Engineering & Supply, Inc.
Aug. 22 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For working capital. **Office**—2118 N. Charles St., Baltimore 18, Md. **Underwriter**—L. L. Bost Co., Baltimore, Md.

Richwell Petroleum Ltd., Alberta, Canada
June 26 filed 1,998,716 shares of common stock (par $1). Of this stock, 1,174,716 shares are to be sold on behalf of the company and 824,000 shares for the account of certain selling stockholders. The company proposes to offer the 1,174,716 shares for subscription by its shareholders at the rate of one new share for each three shares held (with an oversubscription privilege). The subscription period will be for 30 days following issuance of subscription rights. **Price**—To be supplied by amendment. **Proceeds**—To pay off demand note, to pay other indebtedness, and the balance if any will be added to working capital. **Underwriter** — Pacific Securities Ltd., Vancouver, Canada.

Riddle Airlines, Inc., Miami, Fla.
May 15 filed 750,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—James H. Price & Co., Inc., of Coral Gables, Fla., for 250,000 shares; balance on "best efforts" basis.

Rocky Mountain Quarter Racing Association
Oct. 31, 1957 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To repay outstanding indebtedness. **Office**—Littleton, Colo. **Underwriter**—R. B. Ford Co., Windover Road, Memphis, Tenn.

★ **R T & E Corp., Waukesha, Wis. (10/8)**
Sept. 18 filed 40,740 shares of common stock (par $1). **Price**—$15 per share. **Proceeds**—To selling stockholders. **Business**—Company is engaged in the manufacture and sale of electric distribution transformers for use by electric power companies. **Underwriter**—Loewi & Co., Inc., Milwaukee, Wis.

St. Regis Paper Co., New York
July 8 filed 118,746 shares of common stock (par $5) being offered in exchange for outstanding shares of capital stock of Growers Container Corp., Salinas, Calif., on the basis of one St. Regis share for 18 shares of stock of Growers Container. The offer expires on Sept. 29. **Underwriter**—None. Statement effective Aug. 28.

★ **Scientific-Atlanta, Inc.**
Sept. 11 (letter of notification) 6,500 shares of common stock (par 50 cents) to be offered for subscription by common stockholders of record Sept. 10, 1958 on the basis of one new share for each 20 shares held; rights to expire Nov. 14, 1958. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—2162 Piedmont Road, N. E., Atlanta 9, Ga. **Underwriter**—None.

Sheridan-Belmont Hotel Co.
Aug. 19 (letter of notification) $250,000 of 6% convertible debentures due Sept. 15, 1963 to be offered for subscription by common stockholders on a pro rata basis. **Price**—At par. **Proceeds**—For working capital. **Office** — 3172 North Sheridan Rd., Chicago 14, Ill. **Underwriter**—None.

Simplicity Pattern Co. Inc., N. Y.
Aug. 15 filed 42,500 shares of common stock (par $1). **Price**—At the market or at a price within a range not less than the bid price and not higher than the asking price quoted on the New York Stock Exchange at the time of offering. The shares will also be offered from time to time on such Exchange at a price within the foregoing range. **Proceeds**—To go to Joseph M. Shapiro, the selling stockholder. **Underwriter** — Lee Higginson Corp., New York. **Offering**—Indefinitely postponed.

South Carolina Electric & Gas Co.
Aug. 12 filed $10,000,000 first and refunding mortgage bonds due 1988. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; The First Boston Corp.; and Lehman Brothers (jointly). **Bids**—Had been expected to be received up to 11:30 a.m. (EDT) on Sept. 10, at 70 Broadway, New York, N. Y., but sale has been postponed.

★ **South Robbins Investment Corp.**
Sept. 22 filed $1,000,000 of 10-year 6% cumulative convertible debentures and 99,998 shares of common stock. **Price**—Of debentures, at par (in units of $100 each); and of stock, $1 per share. **Proceeds** — For investments and working capital. **Office**—Alexandria, Va. **Underwriter**—None.

★ **Southern Discount Co., Atlanta, Ga.**
Sept. 19 (letter of notification) $155,000 of 5% subordinated debentures, series G, due Oct. 1, 1975. **Price**—At par (in denominations of $500 and $1,000 each). **Proceeds**—To pay outstanding debt and for working capital. **Office**—919 West Peachtree St., N. E., Atlanta, Ga. **Underwriter**—None.

★ **Spirit Mountain Caverns, Inc.**
Sept. 16 (letter of notification) 225,000 shares of class A 8% non-cumulative participating preferred stock. **Price**—At par ($1 per share). **Proceeds**—For construction of restaurant, filling station, and working capital. **Office**—P. O. Box 6, Cody, Wyoming. **Underwriter**—None.

Standard Oil Co. (New Jersey)
July 31 filed 11,406,078 shares of capital stock (par $7) being offered in exchange for Humble Oil & Refining Co. capital stock at rate of five Standard Oil shares for each four Humble Oil shares. The offer is expected to remain open until Oct. 14, 1958. **Exchange Agent**—Morgan Stanley & Co., New York.

Stanway Oil Corp.
Aug. 14 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development and operation of an oil well. **Office** — 9151 Sunset Blvd., Los Angeles 46, Calif. **Underwriter**—U. S. Corporation Co., Jersey City, N. J.

State Life, Health & Accident Insurance Co.
July 9 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To be invested in stocks and bonds and to acquire other life insurance companies. **Address**—P. O. Box 678, Gulfport, Miss. **Underwriter**—Gates, Carter & Co., Gulfport, Miss.

Strategic Minerals Corp. of America, Dallas, Tex.
March 31 filed $2,000,000 of first lien mortgage 6% bonds and 975,000 shares of common stock (par 10 cents). **Price**—For bonds, 95% of principal amount; and for stock $3 per share. **Proceeds**—To erect and operate one or more chemical processing plants using the Bruce - Williams Process to beneficiate manganese ores. **Underwriter**—Southwest Shares, Inc., Austin, Texas.

Strouse, Inc.
July 29 (letter of notification) 26,850 shares of common stock (par 10 cents) to be issued upon exercise of warrants. **Price**—$1 per share. **Office**—Main & Astor Sts., Norristown, Pa. **Underwriter**—H. A. Riecke & Co., Inc., Philadelphia, Pa.

Tennessee Gas Transmission Co.
Sept. 11 filed 467,098 shares of common stock (par $5) to be offered in exchange for outstanding capital stock (5,766.633 shares) of Hartol Petroleum Corp. on the basis

Continued on page 50

Continued from page 49

of 81 shares of Tennessee Gas stock for each Hartol share.

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

Thiokol Chemical Corp.
Aug. 22 filed 106,669 shares of capital stock (par $1) being offered for subscription by stockholders of record Sept. 17 at the rate of one new share for each 12 shares held; rights to expire on Oct. 1. **Price**—$42 per share. **Proceeds**—To be added to the company's general funds and be available for general corporate purposes, including expansion of facilities principally at its Utah Division. **Underwriter**—Kidder, Peabody & Co., New York.

Thomas Paint Products Co.
May 26 (letter of notification) 1,250 shares of common stock (par $10) and $37,500 of 6% serial subordinated debentures series 1958, to be offered in units of one share of stock and $50 principal amount of debentures to be offered to stockholders on the basis of one unit for each two shares of stock owned (500 of the shares are being offered to the President of the company). **Price**—$60 per unit. **Proceeds**—For working capital. **Office**—543 Whitehall St., S. W., Atlanta, Ga. **Underwriter**—None.

Timeplan Finance Corp.
March 25 (letter of notification) 27,272 shares of 70-cent cumulative preferred stock (par $5) and 27,272 shares of common stock (par 10 cents) to be offered in units of one share to each class of stock. **Price**—$11 per unit. **Proceeds**—For working capital. **Office**—111 E. Main St., Morristown, Tenn. **Underwriter**—Valley Securities Corp., Morristown, Tenn.

Tip Top Oil & Gas Co., Salt Lake City, Utah
April 15 filed 220,000 shares of common stock, of which 200,000 shares are to be publicly offered. **Price**—$5 per share. **Proceeds**—To drill two new wells and for general corporate purposes. **Underwriter** — Andersen-Randolph & Co., Inc., Salt Lake City, Utah.

Trans-America Uranium Mining Corp.
Nov. 6, 1957 filed 3,000,000 shares of common stock (par one mill). **Price**—25 cents per share. **Proceeds**—For land acquisition, exploratory work, working capital, reserves and other corporate purposes. **Underwriter**—None. Alfred E. Owens of Waterloo, Ia., is President.

★ **Transcontinental Gas Pipe Line Corp. (10/14)**
Sept. 24 filed 600,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—For repayment of outstanding notes and for construction program. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., both of New York.

Trans-Eastern Petroleum Inc.
Feb. 27 (letter of notification) 7,500 shares of common stock (par $1) to be offered pro-rata to stockholders on the basis of one new share for 10 shares owned. **Price**—$4 per share. **Proceeds**—For drilling for oil and gas. **Office**—203 N. Main Street, Coudersport, Pa. **Underwriter**—None.

Treasure Hunters, Inc., Washington, D. C.
Aug. 14 filed 1,946,499 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For research program, exploration, and it is hoped, recovery of buried and sunken treasure and exploitation of lost mines and other mineral deposits. **Office**—130 East 18th Street, Brooklyn 26, N. Y. Daniel Stack is President. **Underwriter**—None.

Tricon, Inc.
Aug. 8 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To pay expenses and cost of plant option; for first year's payment on instalment purchase contract for land and improvements; for construction of plant, tools and equipment; advertising and working capital. **Office** — 540 Steamboat Rd., Greenwich, Conn. **Underwriter**—Sano & Co., New York, N. Y.

Triton Corp., Newark, N. J.
Aug. 1 filed $1,600,000 of 5% debentures due 1973, 4,000 shares of 6% preferred stock (par $100) and 48,000 shares of common stock (par $1) to be offered in units of $8,000 of debentures, 20 shares of preferred stock and 240 shares of common stock. **Price**—$10,240 per unit. **Proceeds**—To acquire, own and operate interests in producing oil and gas properties. **Underwriter**—None. **Office**—11 Commerce Street, Newark, N. J. Timothy H. Dunn is President.

● **Tropical Gas Co., Inc., Miami, Fla.**
Aug. 22 filed 25,674 shares of 6% convertible preferred stock (par $100) being offered for subscription by common stockholders of record Sept. 9, at rate of one preferred share for each 27 shares held; rights to expire Oct. 2. **Price**—$100 per share. **Proceeds** — To acquire the capital stock of Southeastern Natural Gas Corp., for payment of the company's outstanding short-term bank loans and short-term notes payable to suppliers, to the repurchase of notes receivable currently discounted, and the balance for general corporate purposes. **Underwriter**—Glore, Forgan & Co., New York. **Offering**—Expected today (Sept. 18).

★ **Tryall Club Ltd., Nassau, Bahamas**
Sept. 17 filed 2,000 shares of capital stock to be offered to purchasers of residential sites and club memberships. **Price**—$1,450 per unit. **Proceeds**—For working capital. **Agent**—Federal Investment Trust & Management Co. Ltd. of Nassau, Bahamas.

Tungsten Mountain Mining Co.
Aug. 11 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To extinguish present indebtedness, increase reserve for contingencies and working capital. **Office**—511 Securities Bldg., Seattle 1, Wash. **Underwriter**—H. P. Pratt & Co., 807 Hoge Bldg., Seattle 4, Wash.

Twentieth Century Investors, Inc., Kansas City, Mo.
June 20 filed 2,000,000 shares of common stock (par $1) **Price**—At market. **Proceeds**—For investment. **Underwriter**—Stowers & Co., Kansas City, Mo.

Twentieth Century Investors Plan, Kansas City, Mo.
June 20 filed $10,000,000 of plans for the accumulation of shares of Twentieth Century Investors, Inc. **Price**—At market. **Proceeds** — For investment. **Underwriter**—Stowers & Co., Kansas City, Mo.

United Asbestos Corp., Ltd., Montreal, Canada
July 29 filed 225,000 shares of capital stock (par $1) to be issued upon exercise of options exercisable at $4 per share. **Proceeds**—To pay outstanding liabilities, to increase working capital and for general corporate purposes. **Underwriter**—None.

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

United Life & Accident Insurance Co.
Aug. 8 (letter of notification) 410 shares of capital stock (par $20) being offered for subscription by stockholders of record Aug. 29, 1958 on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire Sept. 30, 1958. **Price** — $375 per share. **Proceeds**—For operating a life insurance and a sickness and accident insurance company. **Office**—2 White St., Concord, N. H. **Underwriter**—None.

United Security Life & Accident Insurance Co.
Aug. 22 filed 120,000 shares of class A common stock. **Price**—$3 per share. **Proceeds**—To provide the reserves required to be held in life and accident insurance policies, and to pay the necessary expenses in producing insurance. **Office**—Louisville, Ky. **Underwriter**—None. Edmond M. Smith, is President.

★ **U. S. Citrus Corp., Murray, Utah**
Sept. 18 (letter of notification) 60,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For payment of land, drilling a well and for equipment, and for improvements and working capital. **Office**—4762 South State St., Murray, Utah. **Underwriter**—None.

● **U. S. Land Development Corp.**
Aug. 15 filed 1,200,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To be added to the company's general funds and used to develop Pineda Island near Mobile, Ala. **Office**—Fort Lauderdale, Fla. **Underwriter**—Palm Beach Investment Co., Inc., 308 South County Road, Palm Beach, Fla.

● **Universal-Cyclops Steel Corp. (10/1)**
Aug. 5 filed $22,500,000 of sinking fund debentures due Sept. 1, 1978. **Price**—To be supplied by amendment. **Proceeds**—To repay $10,300,000 of bank loans and for construction program. **Underwriter**—A. G. Becker & Co., Inc., Chicago, Ill., and New York, N. Y.

Universal Oil Recovery Corp., Chicago, Ill.
June 4 filed 37,500 shares of class A common stock. **Price**—$4 per share. **Proceeds**—For exploration and development of properties, and the balance for other corporate purposes. **Underwriter**—None.

Uranium Corp. of America, Portland, Ore.
April 30, 1957 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

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

Utah Oil Co. of New York, Inc.
May 6 (letter of notification) 300,000 shares of capital stock. **Price** — At par ($1 per share). **Proceeds** — For development of oil and gas lands. **Office**—574 Jefferson Ave., Rochester 11, N. Y. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

Utah Power & Light Co.
June 26 filed $20,000,000 of first mortgage bonds due 1988. **Proceeds**—To redeem $15,000,000 of first mortgage bonds, 5¼% series due 1987, to repay $4,000,000 of bank borrowings, and the balance together with further borrowings under a bank agreement and cash generated in the business will be used to carry forward the construction program of the company and its subsidiaries amounting to approximately $43,000,000 for the period 1958-1960. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp. and Blyth & Co. Inc. (jointly); White, Weld & Co. and Stone & Webster Securities Corp. (jointly); Salomon Brothers & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co., and Smith, Barney & Co. (jointly). **Bids**—Were to have been received in Room 2033, 2 Rector Street, New York, N. Y., up to noon (EDT) on Sept. 9, but were postponed on Sept. 3. Bids will now be received on such day subsequent to Sept. 22, 1958 but not later than Nov. 25, 1958 as shall be designated by company.

★ **Weingarten (J.), Inc., Houston, Texas (10/15)**
Sept. 22 filed $6,500,000 of sinking fund debentures due Oct. 1, 1978. **Price**—To be supplied by amendment. **Proceeds**—To repay outstanding indebtedness and for expansion of supermarket chain and related facilities. **Underwriters**—White, Weld & Co., New York; and Moroney, Beissner & Co., Houston, Texas.

★ **Weingarten Markets Realty Co. (10/13-17)**
Sept. 19 filed $1,600,000 of 6% sinking fund debentures, due Nov. 1, 1978, and 50,000 shares of common stock (par $1). The offering of the common stock will be subject to the right of present stockholders to subscribe for a total of 9,410 shares at the rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—To discharge bank loans and other indebtedness, and the balance will be used for further property acquisitions and development and other regular corporate purposes. **Underwriter**—Moroney, Beissner & Co., Houston, Texas.

Wellington Equity Fund, Inc. (10/1)
Aug. 29 filed 2,000,000 shares of capital stock (par $1). **Price**—$12 per share. **Proceeds**—For investment. **Underwriters**—Kidder, Peabody & Co., Bache & Co., Reynolds & Co. Inc. and Dean Witter & Co., all of New York.

Western Carolina Telephone Co., Weaverville, N. Car.
June 6 filed 89,391 shares of common stock to be offered for subscription by holders of outstanding common stock at the rate of one new share for each three shares held. The record date is to be supplied by amendment. **Price**—At par ($5 per share). **Proceeds**—To be applied to the payment of $700,000 of short-term bank loans incurred in carrying forward the company's construction and conversion program. **Underwriter**—None.

Western Industrial Shares, Inc., Denver, Colo.
July 16 filed 1,000,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For investment. **Underwriter** — Andersen, Randolph & Co., Inc., 65 So. Main St., Salt Lake City, Utah.

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

Willer Color Television System, Inc.
April 2 (letter of notification) 72,035 shares of common stock (par $1) of which 10,000 are to be offered to stockholders at $2 per share and the remaining 62,035 shares are to be publicly offered at $3 each. **Proceeds** — For general corporate purposes. **Office**—151 Adell Avenue, Yonkers, N. Y. **Underwriter** — Edwin Jefferson, 39 Broadway, New York 6, N. Y.

Wisconsin Electric Power Co.
Sept. 3 filed 510,005 shares of common stock (par $10) to be offered for subscription by holders of outstanding common at the rate of one new share for each 10 shares held as of Sept. 24, 1958 (with an oversubscription privilege); rights to expire on Oct. 14. **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures. **Underwriter**—None.

Prospective Offerings

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

Arabol Manufacturing Co., N. Y. (10/9)
Sept. 9 it was announced that bids will be received at the Department of Justice, Office of Alien Property, Room 664, 101 Indiana Ave., N. W., Washington 25, D. C., by 11 a.m. (EDT) on Oct. 9, 1958, for the purchase from the Attorney General of the United States as an entirety, 515.6 shares of common capital stock (par $100) and 210 shares of 6% cumulative preferred capital stock (par $100) of this company.

★ **Arvida Corp. (Florida)**
Sept. 18 it was announced by Arthur Vining Davis, former Chairman of Aluminum Co. of America, that it is planned to raise between $25,000,000 and $35,000,000 through the sale of common stock of Arvida Corp. **Price**—Expected to be about $10 or $11 per share. **Proceeds**—To develop residential communities in the near future, complete with regional shopping areas, industrial parks, utility installations and recreational facilities. **Underwriters**—Carl M. Loeb, Rhoades & Co., and Dominick & Dominick, both of New York. **Offering**—Scheduled to begin within the next two months. **Registration** — Expected in the near future.

Austria (Republic of)
July 15 it was announced that the country contemplates the issuance and sale of $30,000,000 bonds. **Proceeds**—For electric power projects and other improvements. **Underwriter**—May be Kuhn, Loeb & Co., New York. **Offering**—Expected in October or early November.

Bank of Asheville (N. C.)
Sept. 10 it was announced Bank is offering to its stockholders of record Aug. 22, 1958, the right to subscribe on or before Sept. 30, 1958, for 5,000 additional shares

of capital stock (par $10) on the basis of one new share for each 4½ shares held. **Price**—$30 per share. **Proceeds** —To increase capital and surplus. **Underwriter**—McCarley & Co., Asheville, N. C.

Bank of New York
Sept. 9 it was announced stockholders will vote Sept 30 on increasing the capital stock by 110,000 shares to a total of 270,000 shares. Following approval, it is proposed to issue 80,000 shares as a 50% stock dividend and offer to stockholders the right to subscribe for the remaining 30,000 shares in the ratio of one new share for each eight shares held after giving effect to the stock distribution. **Price**—To be determined by trustees at a later date. **Proceeds**—To increase capital and surplus. **Underwriter**—Morgan Stanley & Co., New York.

California Electric Power Co.
July 14 it was announced company contemplates marketing between $5,000,000 and $7,000,000 securities in October, 1958. Neither the exact date of the offering nor the nature of the securities to be offered has been determined. **Proceeds**—To repay bank loans.

Central Electric & Gas Co.
Sept. 11 the company applied to the Nebraska Railway Commission for authority to sell up to 100,000 shares of common stock (par $3.50) and up to $3,000,000 convertible debentures. **Underwriters** — Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.

Central Hadley Corp.
The shareholders of the company at a special meeting held on June 25, approved an amendment to the certificate of incorporation authorizing an issue of 200,000 shares of 5% cumulative convertible preferred stock (par $10). Convertible into common stock at the rate of $2.86 per share. **Proceeds**—To retire outstanding notes of a subsidiary in the amount of $768,000.

Chicago & North Western Ry. (9/30)
Bids will be received by the company up to noon (CDT) on Sept. 30 for the purchase from it of $1,875,000 equipment trust certificates (the first installment of an authorized issue of $5,625,000). They will be dated Oct. 15, 1958 and will mature in 15 equal annual installments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Cincinnati & Suburban Bell Telephone Co. (10/21)
July 7 it was announced that the directors have authorized the sale of not exceeding $25,000,000 debentures having a maturity of not more than 35 years. **Proceeds** —To repay advances received from American Telephone & Telegraph Co. which owns 29% of the outstanding common stock of the company. **Underwriter** — To be determined by competitive bidding. Probable bidders Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Glore Forgan & Co. and Eastman Dillon Union Securities & Co. (jointly). **Bids**—Expected to be received on or about Oct. 21.

Commonwealth Edison Co.
Aug. 25 it was reported that the company may issue and sell $25,000,000 of preferred stock. **Underwriters**—May be The First Boston Corp. and Glore Forgan & Co., both of New York. **Offering**—Expected late in 1958 or during the first three months of 1959.

Denmark (Kingdom of)
Sept. 2 it was reported that an issue of between $20,000,000 to $30,000,000 may possibly be placed on the American market this year. **Underwriter**—Kuhn, Loeb & Co., New York.

Duffy-Mott Co.
Sept. 15 it was reported that an offering of 250,000 shares of common stock is planned (including 100,000 for company and 150,000 shares for selling stockholders. **Business** — A leading processor of "Sunsweet" prune juice, and "Clapp" baby foods. **Underwriter** — Kidder, Peabody & Co., New York.

Equitable Gas Co.
July 18 it was announced that the company expects later in the year to issue and sell additional securities, probably preferred stock, to secure approximately $5,000,000 of additional funds. **Proceeds**—Together with $7,000,000 from private sale of 4½% bonds, to repay short-term bank loans and for construction program. **Underwriters** —May be The First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith; and White, Weld & Co., all of New York.

★ **First City National Bank (10/2)**
Sept. 19 it was announced Bank plans to offer to its stockholders of record Oct. 2, 1958 the right to subscribe for 125,000 additional shares of capital stock (par $20) on the basis of one new share for each 10 shares held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Office**—931 Main St., Houston 1, Tex.

Florida Power & Light Co.
Aug. 20, McGregor Smith, Chairman, announced that the company plans the sale of 300,000 shares of new common stock. **Proceeds**—To finance construction program. **Underwriters**—May be Merrill Lynch, Pierce, Fenner & Smith and Kidder, Peabody & Co., both of New York. **Offering**—Expected in October.

Gas Service Co.
March 24 it was reported that company plans to issue $11,000,000 of first mortgage bonds later this year. No decision as yet has been made as to the procedure the company will follow. **Proceeds**—For repayment of short-term notes and loans and for construction program. **Underwriter** — If determined by competitive bidding, probable bidders may be Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith, and White, Weld & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp.; Lehman Brothers.

General Public Utilities Corp.
April 7 stockholders approved a plan authorizing the directors, in connection with an offering of common stock to stockholders (on a 1-for-20 basis), also to offer certain shares on the same terms to employees, including officers, of System companies. **Clearing Agent**—Merrill Lynch, Pierce, Fenner & Smith, New York. **Offering**—Expected late in November.

● **Grace Line Inc. (10/8)**
Company plans to issue approximately $18,000,000 of government insured bonds secured by first preferred ship mortgages on the new "Santa Rosa" and "Santa Paula." The financing will comprise two issues of $9,000,000 each. **Underwriters**—Merrill Lynch, Pierce, Fenner and Smith; Paine, Webber, Jackson & Curtis; Smith, Barney & Co.; White, Weld & Co.; and F. Eberstadt & Co., all of New York. **Offerings**—"Santa Rosa" offering expected about Oct. 8 and "Santa Paula" offering later in year.

Great Atlantic & Pacific Tea Co.
Feb. 19 it was reported a secondary offering of common voting stock is expected in near future. **Underwriters**—May include: Blyth & Co., Inc.; Carl M. Loeb, Rhoades & Co.; Hemphill, Noyes & Co.; Smith, Barney & Co.; and Merrill Lynch, Pierce, Fenner & Smith.

Hartford Electric Co.
Aug. 27 the directors approved a program under which it plans to issue 149,633 shares of common stock (par $25) to be offered first to common stockholders on a 1-for-10 basis; 100,000 shares of preferred stock (par $50); and $18,000,000 of first mortgage bonds. Stockholders will vote Oct. 6 on the proposal and if approved, the company will seek authorization of the Connecticut P. U. Commission. **Underwriter** — Putnam & Co., Chas. W. Scranton & Co. and Estabrook & Co. for any preferred stock. Under previous rights offering to common stockholders unsubscribed common stock was sold to Chas. W. Scranton & Co. Previous bond issues were placed privately. **Offering** — Expected late October or early November.

Hawaiian Electric Co., Ltd.
Sept. 12 it was announced company plans to offer to its common stockholders the right to subscribe for an additional 42,350 shares of common stock in the near future. **Proceeds** — For construction program. **Underwriter** — None.

Heublein, Inc.
Aug. 25 it was reported that the company plans early registration of 400,000 shares of common stock; of which 100,000 shares are to be sold for the account of selling stockholders. **Proceeds**—For expansion. **Underwriter**—Glore, Forgan & Co., New York. **Offering** — Expected sometime in October or November.

Indiana & Michigan Electric Co. (11/6)
Aug. 26 it was announced that the company plans early registration of $20,000,000 first mortgage bonds due 1988. **Proceeds**—To retire bank loans used for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halser, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; The First Boston Corp.; Harriman Ripley & Co. Inc. **Bids**—Expected to be received up to 11 a.m. (EST) on Nov. 6. **Registration**—Planned for around Sept. 24.

Japan (Empire of)
Aug. 20 it was stated that an issue of between $30,000,000 and $50,000,000 of bonds may soon be publicly offered on the American market. **Proceeds**—For public works projects, etc. **Underwriter**—The First Boston Corp., New York.

Kansas Gas & Electric Co.
March 31, G. W. Evans, Chairman, announced that company plans to sell some bonds originally scheduled for mid-year, but which sale may now be deferred until late 1958 or early 1959. **Proceeds**—About $8,000,000 for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers; Eastman Dillon, Union Securities & Co. and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co., and Goldman Sachs & Co. (jointly).

Kansas Power & Light Co.
Feb. 14 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds due 1988. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Harriman Ripley & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Equitable Securities Corp.

Kentucky Utilities Co.
June 16 company stated it will sell bonds and/or common stock in the last quarter of 1958. **Underwriters**—For any common stock: Blyth & Co., Inc. and J. J. B. Hilliard & Son. For any bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Smith, (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly).

Laboratory for Electronics, Inc.
July 3, Henry W. Harding, President, announced that the directors are currently considering refinancing $790,000 of outstanding notes ($658,750 held by a principal stockholder and $131,250 by a bank) on a more permanent basis. This may be done through equity or convertible debenture financing. **Office**—75 Pitts St., Boston, Mass.

Lorillard (P.) Co.
Sept. 17 company announced it plans to offer its stockholders the right to subscribe for approximately 363,000 additional shares of common stock on the basis of one new share for each eight shares held. **Proceeds** — For general corporate purposes. **Underwriters** — Lehman Brothers and Smith, Barney & Co., both of New York. **Registration**—Expected early in November.

Master Fund, Inc., Fairfield, Calif.
Jan. 27 it was announced this newly organized investment company plans to offer to bona fide residents of California 10,000 shares of capital stock (par $1). **Price** —$10 per share, less an underwriting discount of 8½%. **Proceeds**—For investment.

Michigan Bell Telephone Co.
Aug. 12 directors approved plans to sell $40,000,000 of 34-year debentures. **Proceeds**—To redeem a like amount of 4¾% debentures due November, 1992. **Underwriter** —To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Had been tentatively scheduled to be received on Sept. 16, but on Aug. 26 it was voted to postpone this refunding program because of present market conditions.

Midland Enterprises, Inc.
March 28, company announced it plans to issue on or before Dec. 31, 1958 $3,200,000 of first preferred mortgage bonds. May be placed privately. **Proceeds** — To repay bank loans and for working capital.

Midwestern Gas Transmission Co.
March 24 it was announced that this subsidiary of Tennessee Gas Transmission Co. has applied to the Federal Power Commission for permission to issue first mortgage bonds, unsecured notes and common stock. **Proceeds**—To build pipe line system to cost about $111,000,000. **Underwriters** — Stone & Webster Securities Corp. and White Weld & Co., both of New York.

Montana-Dakota Utilities Co.
March 24 it was announced the company plans to issue and sell an undetermined amount of first mortgage bonds (about $10,000,000) in the latter part of this year or in early 1959. **Proceeds** — To repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith and Kidder, Peabody & Co., Inc., (jointly); and Blair & Co., Inc.

Moore-McCormack Lines, Inc.
March 24 it was announced company plans to issue and sell $24,000,000 of government insured bonds secured by a first preferred ship mortgage on the liners S. S. Brasil and S. S. Argentina. **Underwriters**—Kuhn, Loeb & Co. and Lehman Brothers, both of New York. **Offering** — Postponed because of uncertain market conditions.

New York State Electric and Gas Co.
March 7 it was announced that approximately $7,500,000 from additional financing will be required for construction expenditures for the balance of this year. The management intends to negotiate a new line of credit with a group of banks and expects to sell equity securities later this year or in early 1959, depending upon prevailing market conditions. **Underwriter**—For any common stock: The First Boston Corp., New York.

Norfolk & Western Ry. (10/9) (11/13) (12/18)
Bids will be received this Fall by the company for the purchase from it of $19,200,000 equipment trust certificates due from 1-to-15 years, viz: Oct. 9, $7,440,000; Nov. 13, $5,310,000; and Dec. 18, $6,450,000. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

● **Northern Illinois Gas Co.**
June 10 it was announced company will sell late this year $10,000,000 mortgage bonds but on Sept. 12 it was stated that immediate financing will not be necessary. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Glore, Forgan & Co.; Blyth & Co., Inc.

Pacific Gas & Electric Co.
March 20 it was reported company plans sale of an undetermined amount of bonds and/or preferred stock in the latter part of this year or early 1959. **Underwriter** —(1) For bonds to be determined by competitive bidding. Probable bidlers: The First Boston Corp.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; (2) For preferred stock: Blyth & Co., Inc.

Pacific Telephone & Telegraph Co. (11/18)
Aug. 22 it was announced company plans to issue and sell $80,000,000 of 32-year debentures due Nov. 1, 1990. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Nov. 18.

Pacific Telephone & Telegraph Co.
Aug. 22 it was reported company plans to offer to its common and preferred stockholders 1,594,604 additional shares of common stock on the basis of one new share for each eight common or preferred shares held. **Price** —At par ($100 per share). **Proceeds**—To repay advances and to reimburse the treasury for capital expenditures previously made. **Underwriter**—None. **Control**—Of the 832,000 shares of 6% preferred stock (par $100) and 11,936,835 shares of common stock (par $100) outstanding as of Dec. 31, 1957, there were owned by the American Telephone & Telegraph Co. 640,957 preferred shares and 10,790,943 common shares.

Panama (Republic of)
July 14 it was announced a public offering is expected of approximately $26,000,000 external bonds. **Proceeds**—To redeem certain outstanding debt and for Panama's feeder road program. **Underwriter**—Lehman Brothers, New York.

Puget Sound Power & Light Co.
Sept. 12, Frank McLaughlin, President, announced that company plans to issue and sell $15,000,000 sinking fund debentures. **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Prob-

Continued on page 52

Continued from page 51

able bidders: Halsey, Stuart & Co. Inc. and Lehman Brothers (jointly); Merrill Lynch, Pierce, Fenner & Smith; Stone & Webster Securities Corp., The First Boston Corp. and Smith, Barney & Co. (jointly). **Bids**—Expected to be received late in October, 1958.

● St. Joseph Light & Power Co.

Sept. 19 it was announced that the company has deferred temporarily its plans to market $6,500,000 in bonds and/or preferred stocks. A bank credit of $6,000,000 has been arranged — in lieu of the long-term financing. **Proceeds**—For repayment of short-term bank loans and for construction program. **Underwriter**—For bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co., Glore, Forgan & Co. and Blair & Co. Inc. (jointly); White, Weld & Co.; Equitable Securities Corp. Last preferred financing was done privately.

Sanborn Scientific Instrument Co. (Mass.)

Aug. 4 it was reported company plans to issue and sell 100,000 additional shares of common stock, of which it is intended to offer 17,000 shares in exchange for outstanding preferred stock. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass. **Offering**—Expected in October, 1958.

Scudder Fund of Canada, Ltd.

Sept. 4 it was announced that this corporation late this year plans to become an open-end Fund and issue some additional shares of its capital stock. **Underwriter**—Lehman Brothers, New York.

Southeastern Fidelity Fire Insurance Co.

Aug. 26 it was announced that the company in all probability will offer additional common stock to its shareholders in the near future. **Proceeds**—To expand operations. **Office** — 197 Auburn Ave., N. E., Atlanta, Ga. **Underwriter**—None.

Southern Colorado Power Co.

May 9 stockholders authorized an additional 100,000 shares of preferred stock (par $50). **Underwriters**—Stone & Webster Securities Corp. and Paine, Webber, Jackson & Curtis.

Southwestern Bell Telephone Co.

July 10 it was announced Missouri Public Service Commission authorized the company to issue $110,000,000 of 35-year debentures. **Proceeds** — To refund outstanding $100,000,000 4¾% debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Offering**—Has been postponed. Bids had been expected about Sept. 30, 1958.

Union Electric Co., St. Louis, Mo.

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

Universal Oil Products Co.

Aug. 13 it was reported that an issue of common stock will soon be offered to the public, the proceeds of which may run between $50,000,000 and $60,000,000. Approval of the transaction rests with the New York State Supreme Court (expected within two months). **Proceeds**—To the Petroleum Research Fund of the American Chemical Society. **Underwriters**—Expected to be Lehman Brothers, Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Smith, all of New York. **Offering**—Expected in mid-autumn, probably late in October.

Venezuela (Government of)

July 1 the Government announced that Kuhn, Loeb & Co. and Kidder, Peabody & Co., both of New York, have been selected as financial advisors to develop a financial program for the country. As a first step in the program a short-term credit is being negotiated between the government in cooperation with the two investment banking firms and a syndicate of commercial banks in the United States, Canada and the United Kingdom. The three institutions which are to head this syndicate are The Chase Manhattan Bank, The First National City Bank of New York, and Bank of America National Trust & Savings Association. The Chase Manhattan Bank will be the fiscal agent for the credit. The amount of the new financing involved is in the neighborhood of $250,000,000. The purpose is to restore government balances which have been reduced by the repayment of excessive short term obligations previously incurred.

Virginian Ry.

Aug. 26 the directors approved a proposal to exchange 2,795,500 shares of 6% cumulative preferred stock (par $10) for $32,148,250 new 6% subordinated income sinking fund debentures to mature Aug. 1, 2008 on the basis of $11.50 principal amount of debentures for each preferred share. **Dealer-Manager**—Harriman Ripley & Co. Inc., New York.

Wisconsin Power & Light Co.

March 17 it was announced that company plans to issue and sell $10,000,000 of first mortgage bonds. Proceeds—To retire bank loans and for construction program. Underwriter — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Robert W. Baird & Co., Inc. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co., Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); The First Boston Corp. Offering—Not expected until late in 1958 or early in 1959.

Worcester Gas Light Co.

Aug. 18 it was reported that the company plans the sale of $5,000,000 first mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Estabrook & Co. and Coffin & Burr, Inc. (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly). Offering—Expected this Fall.

Wisconsin Public Service Corp.

March 4 it was announced company plans to sell about $12,500,000 of new securities in the last half of the current year. The type of securities has not yet been decided on. Underwriter—To be determined by competitive bidding. Probable bidders: (1) For any bonds—Halsey, Stuart & Co. Inc.; White Weld & Co.; The First Boston Corp., Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co., and American Securities Corp. (jointly). (2) For any preferred stock—Merrill Lynch, Pierce, Fenner & Smith; Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co., (jointly); Lehman Brothers; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); The First Boston Corp.; White, Weld & Co.; Kidder, Peabody & Co

Our Reporter's Report

The corporate new issue market gives evidence of fashioning a new base though, of course, the rank and file quite naturally waits on the Treasury's new borrowing proposals for further guidance.

While the Treasury very likely will make known its plans for borrowing $3 to $4 billion of new money between now and the end of the week, there are growing indications that the corporate market may have discounted what is ahead on that score.

At any rate most of the recent corporate issues, brought out via the negotiated route, have given a splendid performance and several, notably those of Sears, Roebuck & Co., and Standard Oil Co. of Indiana, are currently commanding handsome premiums over their initial offering prices.

Feeling among experienced observers in the Street now appears to be that the Treasury probably will seek to raise its new money through the medium of a one-year issue carrying a coupon rate of 2⅞ to 3%.

Certainly there is genuine hope among people who specialize in Governments that every effort will be made to discourage creation of a weak speculative position in any new securities such as plagued the market for months after the last Treasury operation.

For the moment the market in corporates appears free of any burdensome outpouring of new issues, though the calendar shows enough business in sight to keep investment bankers a bit on the busy side in the week ahead. Right now interest is centered on Washington.

Real Close Bidding

Four banking syndicates bidding for Consumers Power Co.'s $40 million of 30-year mortgage bonds ran an unusually close race.

The successful group took the issue down as 4½s on a bid of 100.16. The bid of the runners-up proved to be 100.1099 for the same coupon rate, a differential of only 50 cents per $1,000 bond. And the lowest of all four bids, was just about $1.20 a bond under the top figure.

The bonds, upon reoffering at a price of 100.989 for an indicated yield of 4.44%, was reported to be moving out rather well even though some people find it a little "richer" then they had been expecting.

Next Week's List

The major offerings slated for marketing next week, provided there is no change in present plans, are of the negotiated variety. The largest, $22.5 million of debentures of Universal-Cyclops Steel Corp., is on the schedule for Wednesday.

The day before, Harshaw Chemical Co. has $7 million of new debentures due to go to market. The same day Chicago & North Western Railway will open bids for $1,875,000 of equipment certificates and Mountain States Telephone & Telegraph is due to launch its $70 million offering of new common to its holders on "rights."

Also on Wednesday National Fuel Co. is due to open bids for $10 million of its debentures to provide new working capital.

On Waiting List

Investment bankers at least had the consolation this week of seeing only one small issue put on the "postponed" list. St. Joseph Power & Light Co., decided on temporary postponement of its projected preferred stock and bond sale pending improved conditions marketwise.

The company had proposed to raise the new funds to put itself in position to pay off some $5.5 in bank loans coming due Oct. 1.

Instead it has arranged for a new line of unsecured credit totaling $6 million.

With F. E. Siemens

(Special to The Financial Chronicle)

PORTLAND, Oregon — Samuel M. Moore is now F. E. Siemens & Associates, 584 Pittock Block.

New York Stock Exchange Courses On Securities and Investing

Twenty-eight adult lecture courses on "Securities and Investing" will be conducted in the New York area this Fall, the New York Stock Exchange has announced.

Twenty of the courses are open to the general public, and the others are for management and employees of industrial corporations. There is no charge for the lectures, but most schools charge registration fees ranging from $1 to $10.

Developed by the Exchange as part of its national investor educational program, the courses will be conducted by volunteer members of the Exchange's Investors' Information Committee. More than 150 representatives of 80 Exchange member firms in the New York area will serve as speakers.

Similar courses are offered throughout the country by Exchange Investors' Information Committees in 72 cities.

The courses consist of a series of nine two-hour lectures—plus films and other visual aids—followed by question periods. Subjects covered include objectives of an investment program, types of securities, operation of the New York Stock Exchange, information which investors should have and where to obtain it, how to interpret financial reports, sound methods of investing and advanced investing techniques.

Subjects covered in this nine lecture adult course are:

(1) *Why Stocks and Bonds?* The Role of Capital in Our Economic System. A Cross-Section of American Business. How Securities Come into Being. The Mechanics of a New Stock Issue. Who Owns American Business Today? Present and Prospective Opportunities. Who Issues Securities?

(2) *Types of Securities — The Risks and Rewards:* Securities in General. Listed versus Unlisted Securities. Bonds — Government, Municipal and Corporate Obligations. Stocks — Preferred and Common. Splits. Rights. Blue Chip and Penny Stocks.

(3) *The New York Stock Exchange and the Broker:* How the Exchange Came Into Being. The Exchange Today. Membership. Requirements for Original Listing. The Exchange's Physical Aspects. How the "Bid Board" Operates. Who Transacts. Floor Partners, Specialists, $2 Brokers, Odd-Lot Dealers. You and the Broker. Services Performed and Commissions Charged. How to Spot a Phony Broker.

(4) *Objectives of Your Investment Program:* Who is "Financially Able" to Invest? Should You Invest in Securities? How to Determine Your Investment Objectives. Tailor Your Investments to Your Objectives. Securities as a Hedge Against Inflation or Deflation. Getting Your Program Under Way. Achieving Your Objectives.

(5) *Information Investors Should Have and Where to Get It:* The Importance of Information—From the Investor's Point-of-View, From the Point-of-View of the Investment. Information Investors Should Have — About the Economy, About the Industry, About the Company, About the Securities Themselves. Sources of Information—Primary Sources, Secondary Sources. Evaluation and Application of Information.

(6) *How to Read the Financial Page:* Characteristics and Coverage of Financial News. Sources of Business and Financial News. Observations on the Financial Page. Interpreting News Items Found on the Financial Page. The Daily Market Reports. How to Read the Stock Tables. Financial and Business Barometers. Understanding Charts. Opinion Columns. Reading the Ads.

(7) *How to Read and Interpret Financial Reports:* The Nature of Financial Reports. What They Tell You. Their Frequency and Importance. An Introduction to Financial Reports. Comparison With a Family Budget. Interpreting a Statement of Income. Interpreting a Balance Sheet. Analyzing a Financial Report. Do-It-Yourself Deductions. A Bit of Advice.

(8) *Sound Methods of Investing:* You and the Market. The Defensive Approach. The Aggressive Approach. Opening a Cash Account With a Broker. Buying and Selling Procedures. Types of Buy and Sell Orders. At the Market. Limit Orders. Stop Loss Orders. Dollar Cost Averaging. The Monthly Investment Plan. Managing Your Program

(9) *Advanced and Speculative Investing Techniques:* Speculation versus Gambling. Importance of the Speculator. Speculative Techniques. Buying on Margin — Advantages, Disadvantages, Requirements, Procedure. Selling Short—Basic Concept, Requirements, Procedure. Options—Puts and Calls. Thoughts in Conclusion.

With Chas. A. Day Co.

(Special to The Financial Chronicle)

BOSTON, Mass. — Robert H. Davidson is now affiliated with Chas. A. Day & Co., Inc., Washington at Court Street, members of the Boston Stock Exchange.

Merrill Lynch Adds Two

(Special to The Financial Chronicle)

BOSTON, Mass. — George W. Cook and Richard Sutton have been added to the staff of Merrill Lynch, Pierce, Fenner & Smith, 18 Milk Street.

Florence Mummey With H. P. Wood Co.

(Special to The Financial Chronicle)

BOSTON, Mass. — Florence S. Mummey has become associated with H. P. Wood Co., Inc., 75 Federal Street. Miss Mummey was formerly manager of the trading department for Keller & Co.

With James L. Fallon

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Birch C. Musselman, Jr., George M. Shirpser, Louise V. Smith and Bill Wool are now with James L. Fallon Co., 7805 Sunset Boulevard.

Mutual Funds

By ROBERT R. RICH

Putnam Fund's Novel Profit-Shar'g Program Launched

The Putnam Fund management and distributing organization of Boston, today announced an all-inclusive "packaged" Profit-Sharing Program that for the first time makes Profit-Sharing Plans available to American business concerns on a nationwide scale—easily, simply and economically.

The new program — announced as "The Putnam Program — for Profit-Sharing Retirement Plans," is the result of an exclusive agreement by the Putnam organization, managers and distributors of The George Putnam Fund of Boston and The Putnam Growth Fund, with R. P. Burroughs and Company, Inc., of Manchester, New Hampshire, one of the country's foremost pension and profit-sharing consulting and operating firms. It is the first time that a Mutual Fund management and a professional consulting firm have joined forces to offer a completely integrated employee benefit program.

In announcing "The Putnam Program," Charles M. Werly, trustee of The Putnam Funds, said, "The growth of profit-sharing has been one of the outstanding business and sociological developments in this country in recent years. Tremendous further growth is anticipated during the next decade as more and more productive-minded managements seek to solve the financial problems of retirement for their employees — men and women to whom the advantages of profit-sharing have not before been made available. Other obvious advantages to company managements are greater employee incentive and loyalty and more successful business operation. Our aim is to make it possible for any company to have a properly designed and professionally operated Profit-Sharing Plan."

"The Putnam Program" Plans will be marketed exclusively by investment dealers throughout the country. Thus any company, regardless of size or location, has only to call in the investment dealer to get started on a plan—a "one-package" ready-to-operate Profit-Sharing Retirement Plan complete in all details, including original design, installation, continuous administration and investment management year after year —and at a substantial saving in initial and annual cost. All the elements of a complete Profit-Sharing Plan, which up to now companies have had to assemble for themselves piecemeal, with a lot of hard work, time-consuming details and heavy extra expense, are now for the first time combined in one all-inclusive "package."

"The Putnam Program" works this way. The company desiring a Profit-Sharing Plan gets things started by signing an application form with the investment dealer and furnishing preliminary facts. The Burroughs Company then takes over, prepares the Plan, complete with documents, agreements and other instruments, for approval by the company and legal counsel, after which the Plan goes into operation. Burroughs administers the Plan continuously, keeps all employee and company Plan records, and prepares all tax forms and other documents at the end of each fiscal year. A substantial portion of the profits contributed to the Plan are invested in The George Putnam Fund of Boston or The Putnam Growth Fund, or both, as part of the packaged Plan, and thus the company is assured of continuous professional investment management of its Profit-Sharing Fund.

The installation and administration costs of the program—a "low-cost, all-expense package"—are the same regardless of the size of the company and represent a substantial saving to companies participating in the program.

"The Putnam Program" not only provides a means of bringing more advantages and greater peace of mind to hundreds of thousands of employees of American industry," said R. P. Burroughs, President of the R. P. Burroughs Company and one of the pioneers in the pension and profit-sharing field, "experience has shown that an employee who shares in the profits he helps to create is more productive on the job and develops a healthy respect for the American free enterprise profit system."

Sovereign Investors' Assets At New High

Sovereign Investors, reporting as of Aug. 31, 1958, shows total net assets of $2,429,398.53 compared with $1,803,683.80 on Jan. 1, 1958. This represents an increase of 34.7% for the period. Outstanding shares of the Fund rose 10.7% from 175,377 shares to 194,130 shares during the same period.

The net asset value per share increased from $10.28 on Jan. 1, 1958 to $12.51 on Aug. 31, 1958, a 21.7% advance in the eight months.

During the first six months of 1958 the Fund reports that purchases were primarily in securities of the defensive type, including convertible bonds and preferred stocks and common stock in the consuming goods industries and public utilities. More recently increased emphasis has been made in purchasing more aggressive common stocks.

Vance, Sanders Sales Conference

Vance, Sanders & Co. West Coast partners and sales representatives confer with Henry T. Vance, (seated right), senior partner of the Boston investment firm, during annual sales meetings at Essex County Club in nearby Manchester (Mass.). Standing (left to right) are Ted C. Willson, resident partner, San Francisco; John A. Cater, III and Lawrence M. Tilton, Los Angeles sales representatives. Seated (left to right) are John A. Carter, Jr., resident partner, Los Angeles, and Mr. Vance.

Year-End Dividend And Distribution By Dividend Shares

The board of directors of Dividend Shares, Inc., a $240,000,000 mutual fund managed by Calvin Bullock, Ltd., has declared a 1958 fiscal year-end dividend and distribution of 2¼ cents per share from net investment income and 8½ cents per share from net securities profits, both payable Oct. 27, 1958 to shareholders of record Oct. 3, 1958.

The distribution from net securities profits will be paid in additional shares of stock at net asset value on Oct. 3, or at the shareholders' option in cash. The 2¼ cents from net investment income will be paid in cash.

The total payments by Dividend Shares for its 1958 fiscal year are 9 cents from net investment income, and 8½ cents from net securities profits. In 1957, the totals were 9½ cents from net investment income and 10 cents from net securities profits.

Canadian Economy Seen on Uptrend

The Canadian stock market gave a relatively good account of itself during the first seven months of 1958, Hugh Bullock, President of Canadian Fund, Inc., told shareholders in the report accompanying the fund's 24th consecutive quarterly dividend. This is due, in part, Mr. Bullock said, to a widespread recognition that the business recession in Canada, which proved to be less in degree than in the United States, appears to have been halted and a recovery in many important lines is currently under way.

The dividend, which consists of 10 cents per share, is derived from net income from investments. The fund's per-share net asset value increased from $15.25 per share on Dec. 31, 1957 to $17.95 at July 31, 1958, an increase of 17.7% during the first seven months of the year.

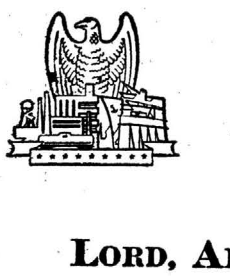
"It is especially noteworthy that residential housing starts this year have been running at a higher rate than during 1957 and that other basic industries have shown

Continued on page 55

With Eisele, Raynor

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Nebraska—Robert E. Redelfs is now associated with Eisele, Raynor & Redelfs, Inc., First National Bank Building. He was formerly with Merrill Lynch, Pierce, Fenner & Smith.



Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Sept. 28	§66.4	*65.6	63.6	82.1
Equivalent to—					
Steel ingots and castings (net tons)	Sept. 28	§1,793,000	*1,771,000	1,715,000	2,105,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 12	7,009,235	7,060,285	6,838,935	6,821,315
Crude runs to stills—daily average (bbls.)	Sept. 12	¶7,845,000	7,982,000	7,713,000	8,056,000
Gasoline output (bbls.)	Sept. 12	28,056,000	*28,336,000	27,577,000	28,546,000
Kerosene output (bbls.)	Sept. 12	2,088,000	1,720,000	1,950,000	2,340,000
Distillate fuel oil output (bbls.)	Sept. 12	12,415,000	12,499,000	11,628,000	12,378,000
Residual fuel oil output (bbls.)	Sept. 12	6,788,000	7,051,000	6,897,000	7,741,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Sept. 12	172,891,000	174,501,000	176,487,000	173,805,000
Kerosene (bbls.) at	Sept. 12	29,651,000	28,865,000	27,018,000	36,001,000
Distillate fuel oil (bbls.) at	Sept. 12	146,049,000	*142,209,000	127,767,000	162,853,000
Residual fuel oil (bbls.) at	Sept. 12	68,378,000	68,082,000	67,165,000	55,183,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 13	665,999	563,351	625,991	741,147
Revenue freight received from connections (no. of cars)	Sept. 13	539,521	493,120	518,061	598,792
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 18	$332,367,000	$360,707,000	$373,038,000	$328,655,000
Private construction	Sept. 18	109,042,000	104,601,000	161,376,000	219,069,000
Public construction	Sept. 18	223,325,000	256,106,000	211,662,000	109,586,000
State and municipal	Sept. 18	201,133,000	219,535,000	166,401,000	92,121,000
Federal	Sept. 18	22,192,000	36,571,000	45,261,000	17,465,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 13	8,345,000	7,020,000	8,075,000	10,089,000
Pennsylvania anthracite (tons)	Sept. 13	483,000	401,000	404,000	553,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Sept. 13	145	123	124	140
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 20	12,240,000	12,248,000	12,486,000	11,991,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 18	262	256	272	287
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 16	6.196c	6.196c	6.188c	5.967c
Pig iron (per gross ton)	Sept. 16	$66.49	$66.49	$66.49	$66.42
Scrap steel (per gross ton)	Sept. 16	$43.17	$42.83	$41.83	$46.67
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 17	26.100c	26.100c	26.100c	26.575c
Export refinery at	Sept. 17	25.600c	25.250c	25.225c	23.875c
Lead (New York) at	Sept. 17	10.750c	10.750c	10.750c	14.000c
Lead (St. Louis) at	Sept. 17	10.550c	10.550c	10.550c	13.800c
‡Zinc (delivered) at	Sept. 17	10.500c	10.500c	10.500c	10.500c
Zinc (East St. Louis) at	Sept. 17	10.000c	10.000c	10.000c	10.000c
Aluminum (primary pig, 99%) at	Sept. 17	24.700c	24.700c	24.700c	26.000c
Straits tin (New York) at	Sept. 17	95.375c	94.500c	94.125c	93.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 23	89.67	89.17	90.38	86.59
Average corporate	Sept. 23	90.06	90.20	92.93	89.51
Aaa	Sept. 23	94.41	94.71	97.47	94.12
Aa	Sept. 23	92.64	92.93	95.77	91.77
A	Sept. 23	89.92	89.92	92.93	89.64
Baa	Sept. 23	83.66	83.66	85.98	82.90
Railroad Group	Sept. 23	88.40	88.54	89.64	87.59
Public Utilities Group	Sept. 23	89.51	89.78	92.79	89.23
Industrials Group	Sept. 23	92.20	92.06	96.38	91.62
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 23	3.45	3.50	3.36	3.69
Average corporate	Sept. 23	4.41	4.40	4.21	4.45
Aaa	Sept. 23	4.11	4.09	3.91	4.13
Aa	Sept. 23	4.23	4.21	4.02	4.29
A	Sept. 23	4.42	4.42	4.21	4.44
Baa	Sept. 23	4.89	4.89	4.71	4.95
Railroad Group	Sept. 23	4.53	4.52	4.44	4.59
Public Utilities Group	Sept. 23	4.45	4.43	4.22	4.47
Industrials Group	Sept. 23	4.26	4.27	3.98	4.30
MOODY'S COMMODITY INDEX	Sept. 23	393.1	391.8	394.0	404.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 13	310,445	315,720	261,628	265,697
Production (tons)	Sept. 13	305,978	218,998	294,259	299,482
Percentage of activity	Sept. 13	97	73	93	98
Unfilled orders (tons) at end of period	Sept. 13	509,651	508,828	439,249	504,557
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Sept. 19	108.60	108.58	108.73	110.20
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 30	1,762,520	1,624,840	2,442,080	1,398,230
Short sales	Aug. 30	349,070	323,330	590,890	250,970
Other sales	Aug. 30	1,366,010	1,294,700	1,938,740	1,201,040
Total sales	Aug. 30	1,715,080	1,618,030	2,529,630	1,452,010
Other transactions initiated on the floor—					
Total purchases	Aug. 30	389,420	341,060	568,620	252,170
Short sales	Aug. 30	56,500	46,600	34,300	30,950
Other sales	Aug. 30	332,510	325,640	503,330	223,440
Total sales	Aug. 30	389,010	372,240	537,630	254,390
Other transactions initiated off the floor—					
Total purchases	Aug. 30	519,140	523,790	822,620	473,400
Short sales	Aug. 30	93,590	104,520	208,230	129,790
Other sales	Aug. 30	712,932	574,424	789,792	434,193
Total sales	Aug. 30	806,522	678,944	997,972	563,983
Total round-lot transactions for account of members—					
Total purchases	Aug. 30	2,671,080	2,489,690	3,833,320	2,123,800
Short sales	Aug. 30	499,160	474,450	833,420	411,710
Other sales	Aug. 30	2,411,452	2,194,764	3,231,812	1,858,673
Total sales	Aug. 30	2,910,612	2,669,214	4,065,232	2,270,383
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Aug. 30	1,155,792	1,063,072	1,520,845	1,344,558
Dollar value	Aug. 30	$51,501,247	$47,816,076	$68,972,997	$65,107,909
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 30	1,209,612	1,118,842	1,596,284	882,617
Customers' short sales	Aug. 30	8,354	7,633	12,556	20,566
Customers' other sales	Aug. 30	1,201,258	1,111,209	1,583,728	862,051
Dollar value	Aug. 30	$51,688,977	$48,016,872	$70,358,060	$43,387,604
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 30	453,150	393,882	555,590	187,340
Short sales	Aug. 30				
Other sales	Aug. 30	453,150	393,882	555,590	187,340
Round-lot purchases by dealers—					
Number of shares	Aug. 30	385,280	342,180	450,250	674,400
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Aug. 30	678,420	662,790	1,094,050	626,120
Other sales	Aug. 30	13,455,480	11,830,550	18,458,120	9,685,430
Total sales	Aug. 30	14,133,900	12,493,340	19,552,170	10,311,550
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Sept. 16	119.0	119.0	118.8	117.9
Farm products	Sept. 16	93.0	*93.3	93.0	91.0
Processed foods	Sept. 16	111.1	110.8	110.7	106.4
Meats	Sept. 16	109.1	108.4	108.2	95.5
All commodities other than farm and foods	Sept. 16	126.0	*126.1	125.9	125.8

*Revised figure. ¶Includes 921,000 barrels of foreign crude runs. §Based on new annual capacity of 140,742,570 tons as of Jan. 1, 1958, as against Jan. 1, 1957 basis of 133,459,150 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of April	124,999	134,019	139,152
Stocks of aluminum (short tons) end of April	195,692	195,207	176,104
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of August	7,285,000	*6,420,405	9,233,890
Shipments of steel products (net tons)—Month of July	4,081,744	5,746,217	5,877,133
COKE (BUREAU OF MINES)—Month of July:			
Production (net tons)	3,958,634	*3,934,480	6,520,000
Oven coke (net tons)	3,927,718	3,889,400	6,376,400
Beehive coke (net tons)	30,916	*45,080	143,600
Oven coke stock at end of month (net tons)	3,982,524	*3,876,637	2,422,594
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES— Estimated short and intermediate term credit in millions as of July 31:			
Total consumer credit	$43,026	$43,122	$42,668
Instalment credit	33,133	33,054	32,968
Automobile	14,673	14,691	15,329
Other consumer goods	8,220	8,203	8,189
Repairs and modernization loans	1,952	1,942	1,921
Personal loans	8,288	8,218	7,529
Noninstalment credit	9,893	10,068	9,700
Single payment loans	3,531	3,645	3,406
Charge accounts	3,901	3,949	3,886
Service credit	2,461	2,474	2,408
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of July	613,511	595,648	639,776
In consuming establishment as of Aug. 2	1,603,129	1,591,022	1,150,661
In public storage as of Aug. 2	6,850,617	7,547,350	9,874,986
Linters—Consumed month of July	63,365	85,969	79,672
Stocks Aug. 2	785,100	836,361	738,645
Cotton spindles active as of Aug. 2	17,501,000	17,443,000	18,067,000
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average = 100— Month of August:			
Adjusted for seasonal variation	148	140	144
Without seasonal adjustment	130	113	127
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES— Month of July:			
All manufacturing (production workers)	11,375,000	11,406,000	12,784,000
Durable goods	6,283,000	6,538,000	7,445,000
Nondurable goods	5,092,000	5,368,000	5,339,000
Employment indexes (1947-49 Avg. = 100)—			
All manufacturing	92.0	92.2	103.4
Payroll indexes (1947-49 Average = 100)—			
All manufacturing	145.1	144.7	*160.9
Estimated number of employees in manufacturing industries—			
All manufacturing	15,165,000	15,188,000	16,702,000
Durable goods	8,491,000	8,548,000	9,775,000
Nondurable goods	6,674,000	6,640,000	6,927,000
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of August (1947-49 = 100)	64.3	63.6	76.7
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE— Month of June:			
Death benefits	$229,700,000	$233,500,000	*$196,400,000
Matured endowments	53,700,000	58,800,000	56,700,000
Disability payments	10,100,000	10,500,000	*9,200,000
Annuity payments	49,400,000	48,700,000	45,000,000
Surrender values	115,800,000	123,100,000	102,200,000
Policy dividends	115,500,000	110,000,000	106,000,000
Total	$579,200,000	$584,600,000	*$515,500,000
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.— Month of August:			
Total number of vehicles	230,046	388,572	612,690
Number of passenger cars	180,313	321,245	525,034
Number of motor trucks	49,478	66,967	87,392
Number of motor coaches	255	360	264
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)— Month of July (in billions):			
Total personal income	$358.9	*$352.0	$351.8
Wage and salary receipts, total	242.4	*235.8	240.5
Commodity producing industries	97.1	*96.6	103.3
Distributing industries	63.5	*63.3	64.0
Service industries	33.8	33.6	32.8
Government	48.0	*42.4	40.4
Other labor income	9.0	8.9	9.1
Proprietors and rental income	56.1	*56.2	55.6
Personal interest income and dividends	31.9	31.8	31.7
Total transfer payments	26.5	26.0	21.7
Less employees' contribution for special insurance	7.0	6.7	6.7
Total nonagricultural income	342.2	*335.1	336.2
PORTLAND CEMENT (BUREAU OF MINES)— Month of July:			
Production (barrels)	29,833,000	30,078,000	30,287,000
Shipments from mills (barrels)	32,281,000	30,262,000	25,655,000
Stocks (at end of month—barrels)	30,647,000	*33,350,000	24,345,000
Capacity used (per cent)	90	98	67
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)— Month of July:			
Total operating revenues	$779,494,514	$791,614,723	$873,917,503
Total operating expenses	627,385,091	620,359,171	696,521,748
Taxes	74,753,448	78,583,076	85,468,291
Net railway operating income before charges	51,639,492	67,198,978	68,460,973
Net income after charges (estimated)	34,000,000	50,000,000	48,000,000
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-1914 = 100 — As of July 15:			
All farm products	254	255	246
Crops	228	232	237
Commercial vegetables, fresh	209	232	276
Cotton	260	246	273
Feed, grains and hay	165	167	170
Food grains	190	197	218
Fruit	253	277	216
Oil-bearing crops	227	239	250
Potatoes	185	180	169
Tobacco	473	474	460
Livestock	277	275	254
Dairy products	246	241	253
Meat animals	347	348	297
Poultry and eggs	166	163	155
Wool	210	212	307
ZINC OXIDE (BUREAU OF MINES)— Month of July:			
Production (short tons)	12,043	11,715	15,926
Shipments (short tons)	14,830	14,944	16,271
Stocks at end of month (short tons)	21,217	24,004	28,674

*Revised figure.

Continued from page 53

Mutual Funds

relatively modest declines," Mr. Bullock said. "These and other developments prompted the Canadian Finance Minister in June of 1958 to forecast a Gross National Product for 1958 greater than the peak level achieved in 1957, assuming normal crops, stable prices and no untoward external events," he added.

Industry's Vital Thermonuclear Role

Ten gallons of ordinary sea water could provide all the energy used by an average family in a year — and private industry is playing an important role in research aimed at unlocking this storehouse of power according to National Securities & Research Corporation, sponsors and managers of the National Securities Series of mutual funds with assets of over $370,000,000.

In the current issue of its publication "Atomic Activities," National points out that controlled thermonuclear fusion would use as its fuel an isotope of hydrogen called deuterium which occurs naturally in water. This makes it far more abundant and easier to obtain than the uranium required to produce energy using nuclear fission techniques. Moreover, deuterium yields far more power per pound than uranium.

While electrical generating stations and atomic submarines have already demonstrated the capabilities of nuclear fission, controlled thermonuclear fusion is still a long way off. The fusion reaction cannot take place below temperatures of about 100,000,000 degrees Centigrade which is thousands of times above the vaporizing temperatures of all known materials. As Atomic Activities points out, "Reaching such astronomical temperatures is difficult enough, but an even more challenging question is how to contain a reaction taking place at conditions approximating those at the surface of the sun."

Papers presented at the recent Geneva conference indicate that scientists do not regard the task as an impossible one. The U. S. Atomic Energy Commission allocated $20 million for controlled thermonuclear research for fiscal 1958 and almost twice that amount has been budgeted for fiscal 1959. Atomic Activities declares that the many private corporations actively engaged in this program as government contractors, "Seek far more than the relatively meager development of contract profits. Instead they look to the eventual reality of the controlled fusion and the related business opportunities this profound development would unfold."

National Issues New Sales Folders

It was announced by E. Waln Hare, Vice-President and Burt Greenwald, Public Relations Director of National Securities & Research Corp., that the firm just recently compiled for distribution two new sales folders of unique importance to mutual fund salesmen and dealers.

One of the tracts, bearing the title "What Every Woman Should Know About the Rising Cost of Living," is designed to educate members of the fair sex of the value of mutual funds in this inflationary era. Since women account for more than 60% of all consumer purchases, it follows that they are painfully aware of the diminishing buying power of the dollar and, hence, should readily appreciate the importance of offsetting the decline to the highest degree possible.

The second brochure, captioned "Can the Professional Man Afford to Work as an Amateur," emphasizes the tremendous amount of money, time and experience required to attain his status and notes that the same is true of those who are engaged in the business of investments. Logic requires, therefore, that the professional man in any field of endeavor should rely on his counterpart in the matter of how, when and where to invest his money.

German Banker, English Nobleman Join Magnum Fund

Hermann J. Abs, of Frankfurt, Germany, a member of the management board of the Deutsche Bank A. G. and a director of many leading German companies, and Lord Rothschild, G. M., F. R. S. of Cambridge, England, have been elected to the board of directors of Magnum Fund, Inc., it was announced Sept. 12 by Leo Model, board chairman.

Magnum Fund is a Canadian investment company formerly known as Mexico Tramways Co.

Group's Stk. Fund Assets Increase 77%

A rise in the total assets of The Common Stock Fund of Group Securities of $20,000,000, from $26 to $46 million, was reported Sept. 18 by John L. Ahbe, Vice-President and Director of Sales of the sponsor company.

"This rise of 77% occurred in the 14 months between the July, 1957, market peak and the recent 1958 high of Sept. 16," Mr. Ahbe said. "Over that period the Dow-Jones Industrials rose 1.1%; while the per-share value of The Common Stock Fund appreciated 9.3%, adjusted for the 45-cent securities profits distribution paid in November, 1957."

He attributed this performance to the fact that the Fund had shifted its holdings from the more cyclical type of stocks to more stable consumer-goods stocks of high quality previous to the July market break last year. These stocks held the decline in the Fund's shares to 14.7% at the Oct. 22 low, while the Dow-Jones Industrial Average was off 19.4%, and subsequently led the market in its recovery.

"The Common Stock Fund's substantial appreciation," Mr. Ahbe concluded, "combined with the fact that 1958 sales are triple their 1957 rate, account for the $20,000,000 rise in total assets."

With J. C. Flax Co.

(Special to The Financial Chronicle)

SPRINGFIELD, Mass.—Theodore Flax is now affiliated with J. Clayton Flax & Co., 1562 Main Street.

With Jay C. Roberts

(Special to The Financial Chronicle)

SPRINGFIELD, Mass.—Henry J. Cristina, Shirley A. Fiske and Lucy K. Kelley have joined the staff of Jay C. Roberts & Co., 18 Vernon Street.

Oscar G. Werner Co.

PASADENA, Calif.—Oscar G. Werner is conducting a securities business from offices at 3870 East Colorado Street under the firm name of Oscar G. Werner & Co.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market is still on the defensive, which means that it continues to be a very narrow market, with light volume. It does not take a great deal of activity to bring about new lows while, on the other hand, a small amount of buying along with the usual professional operations can move quotations up fairly sharply. Even though there is no evidence important enough yet to indicate a bottom is being formed in government obligations, there is nonetheless from time to time, some manifestations that investors are being attracted by the existing returns available in these securities.

The dilemma which faces the Treasury in its current new money raising operation will be solved shortly, since an announcement as to how it will be handled is expected almost immediately. Tax bills or certificates, a short note or even an intermediate or longer term obligation are all being talked about as possibilities. Some think a combination offer will be made.

Monetary Policy Neutral

The Federal Reserve System is marking time as far as the money market is concerned, pending developments as to the way in which the coming Treasury financing will be provided for. This news about the new money raising efforts of the government should be known either today (Thursday) or this week-end. Free reserves of the member banks of the system evidently will be maintained in the neighborhood of $100,000,000 unless there is another surge forward in the inflation psychology. This probably means that the monetary policy of "active restraint" has given way for the time being to one of "neutrality" or "comfortable restraint."

The 2% discount rate by the Central Banks of the System will evidently be held at that level, which is not a high rate, and is not nearly as imposing as was the 3½% rate which was in force not so long ago, when the money market was under the restrictive policies of the powers that be, and there were very heavy negative reserves among the member banks.

Treasury Financing and Commercial Banks

There is no question but what the impending new money raising operation of the Treasury will be one of the most important that has been undertaken by the government in many a moon. The type of issue or issues which will be used by the Treasury will beyond doubt indicate the kind of monetary policy which can be expected in the foreseeable future. Short-term securities that will appeal to the deposits banks, means that these institutions will have to be supplied with the necessary reserves (in order to buy them) by the Federal Reserve Banks. This results in the creation of deposits and an addition to the money supply.

If this kind of financing should be taken as adding to the forces of inflation, and brings about a further flight from the monetary unit, then there will be more restrictive and drastic measures taken by the monetary authorities which will adversely affect the money market.

Effect of a Long-Term Issue

The other alternative which is open to the Treasury in the new money raising operation would be the issuance of longer term obligations at a rate which would attract the funds of ultimate investors. The amount of money to be obtained in this manner need not be too sizable but, no matter how conservative the amount might be, it would tend to take funds away from mortgages and other sectors of the economy which have been very important in bringing about the recovery.

The rate at which the longer term issues would have to be floated will have to be competitive with corporates and tax-exempt securities, and this could bring about an upward revision in the whole rate structure for long-term obligations. This might retard the recovery which is under way, because higher interest rates have not as a whole been used as a stepping stone to improved economic conditions.

Growing Investor Interest

The action of the money market, in spite of the uncertainty of the coming Treasury financing, has not been without some of the signs which indicates a possible growing interest in selected government issues. It is reported that certain of the intermediate and long-term Treasury obligations are being bought at current levels, in what is termed fair volume. It is not just scale-buying, which is nearly always being done, but investment purchases are being made by institutions that have been on the sidelines for a long period of time. The 2⅝'s of 1965 and the 3½'s of 1990 have been the issues in which most of these commitments are bing made, and indications are that these purchases will be expanded when conditions are a bit more settled.

Arnold Utstein Opens

WOODSIDE, N. Y.—Arnold J. Utstein is conducting a securities business from offices at 48-25 Forty-third Street.

Washington . . . And You

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

WASHINGTON, D. C. — A truly significant thing, and perhaps of historical importance, took place in Atlantic City, N. J. a few days ago. But its importance to the trade union movement and the people of this country got buried amidst the bold domestic and foreign headlines bearing on the immediate crucial problems facing the nation.

On the heels of the headline-catching annual "Miss America" contest at Atlantic City, some 200 delegates of the newly-chartered American Bakery and Confectionery International Union (AFL-CIO) walked out of the Sheraton Ritz - Carlton Hotel into the sunshine, and next door to the hotel's own boardwalk convention hall. There the delegates made a contribution that all fair-minded Americans can commend.

They were the men and women delegates, who, after the McClellan rackets investigating committee disclosed last December that their old Bakery and Confectionery was ridden with corruption, declared that they wanted no part of the union leadership.

But the men and women who met at Atlantic City said flatly they wanted no part of any union that was not run fair and square, with nothing to hide under the table. The old union, with its multi-billions in pension funds, is still operating and has kept many of the local unions intact, although it was expelled by the AFL-CIO as a member of the family of unions.

The sweeping action by the newly chartered ABC union is bound to get attention from members of Congress, from business and trade groups and people generally for their historic steps. It could and should have a wholesame effect on some other trade unions. Of course, many local unions have leaders of unquestionable character.

"First Order of Business"

There is no doubt in the minds of the American people, in and out of trade unions, that some of the big unions like the teamsters are not only corrupt, but are run by mobsters. President William A. McDonnell of the United States Chamber of Commerce, probably summed up the thinking of millions of Americans, when he said the other day:

"The first order of business in the next session of Congress should be the passage of labor reform legislation with enough teeth in it to run the goons, gangsters and racketeers out of the labor movement."

"This should be the first order of business. Unfortunately, it is highly unlikely to be. The facts are, although the average man on the street does not realize it, the next Congress appears likely to be more "labor" influenced than any Congress in the history of this country. Why? Because more and more members of Congress appear certain to be elected this year with the endorsement of labor. Labor is spending millions and millions of dollars in opposing incumbent members of Congress and state legislatures, who have disagreed and not gone along with some of the legislative proposals backed by labor."

No Local Police Action

Of all the corruption that has been turned up by Senator John L. McClellan and his Senate rackets committee, not a single district attorney has thus far taken any steps to have the unions cleaned up. Perhaps the various district attorneys feel that the trade unions with their own millions and billions of dollars should police their own affairs.

Thus, it seems to be left up to the good union men and women to clean their own houses. That is why the first constitutional convention of the American Bakery and Confectionery Union was so significant. These are the people who belong to unions that make bread, rolls, pies, cakes, potato chips, and ice cream, among numerous other foods.

Business in Politics

With labor political power becoming more and more vocal and powerful, businessmen are being urged everywhere to roll up their sleeves and go to work as precinct and ward leaders where political decisions are made and office holders are chosen. Businessmen have been too busy keeping their businesses running to take time off to do a little politicking of their own, like labor is doing so skillfully. The recent statement by Gulf Oil Corporation that it was going to get into "politics" as a matter of their own business and civic responsibilities, might encourage other corporations to get interested in politics.

Meantime, here in the Nation's capital Secretary of Labor James P. Mitchell vows he will make a determined effort at the next session to get some "corrective" labor legislation passed. His recommendations were not included in the Senate-passed labor reform bill, known as the Kennedy - Ives bill. Actually, it was just as well that this measure died in the House, because it provided only a little slap on the wrist for the powerful labor racketeers and goons that have gotten control of some unions.

Curb on Secondary Boycotts

Secretary Mitchell says he will seek some effective prohibitions against some forms of secondary boycotts that have been running wild under the present Taft-Hartley law. He also wants strong prohibitions against blackmail picketing, and greater safeguards of the public welfare. The cabinet officer's proposals are corrective in nature. There would be nothing repressive about them. Nor would they provide direct government controls. No honest union officials would have any roadblocks thrown up in the operation of union affairs, under these proposals.

What is needed most of all at this time, is to raise the responsibility and accountability of both labor and management. There have been no significant changes since the late Senator Taft of Ohio, steered the Taft-Hartley law to passage through the Republican-controlled 80th Congress in 1947. Senator Taft realized that the historic bill bearing his name, had numerous weaknesses. Actually, he said that it would not correct abuses by racketeers, nor would it stamp out secondary boycotting. However, he thought the legislation was aimed in the right direction. He had hoped to see its provisions tightened. Had he lived, he probably would have gotten some of the corrective measures passed before now.

Some Urgent Changes

The trade union movement in this country has raised the standard of living for the working man. But the time has come when business firms across the land, big and little, should speak up. People in business should organize now and make a concerted campaign in Congress demanding it is to the welfare of the nation that some corrective legislation be passed next year.

Some things needing to be done in addition to tightening secondary boycott provisions include: forbidding blackmail picketing to force workers to join or employers to accept a union which the workers flatly do not want; permit union members to sue corrupt labor leaders in the Federal and state courts; protect all employers and individual employees from unfair coercion; and make embezzlement and reckless spending of welfare and pension funds, a crime of the Federal and state courts.

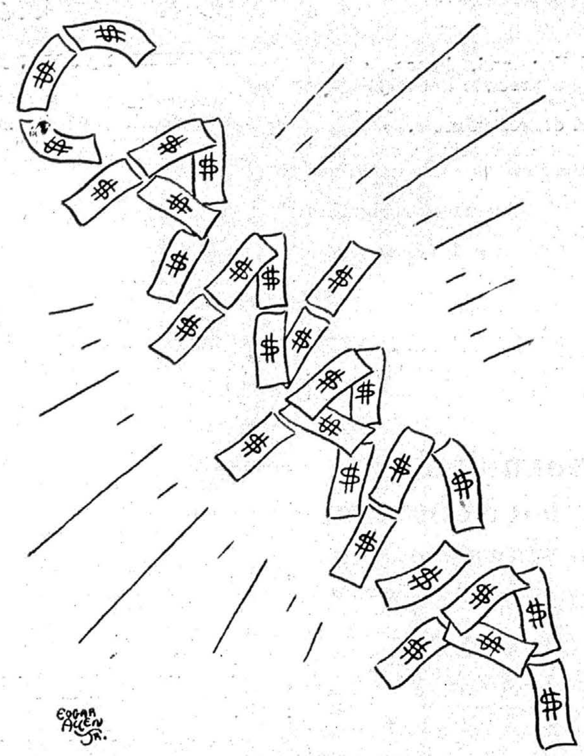
Perhaps one of the most urgent things needed at this time is stiffer penalties for violence on the picket lines, and curbs on any union that seeks to paralyze or destroy a business because it will not abide by the wishes of the union leaders. Most of all there should not be a compulsory union membership in this country, and there should be heavy penalties against those that seek to compel union membership before working in a plant.

The time has come in this country for other unions with corrupt leaders, like the Teamsters, to break away from the mobsters, and set up their own clean organizations like the American Bakers and Confectionery Workers. The time has also come for the businessmen of this country to come out in the open and take a stand on the candidates running for office.

The business men in this country can shoulder part of the blame for permitting the unions to get so powerful in Congress, in the state legislatures, and state capitals around the country. There are 13,500,000 men and women that belong to labor unions in this country, and the number is increasing.

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

BUSINESS BUZZ



PUT THEM ALL TOGETHER--THEY SPELL CANADA!

Joins E. I. Hagen

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oregon — Robert L. Wilson has become associated with E. I. Hagen & Co., American Bank Building. Mr. Wilson was formerly with Daugherty, Butchart & Cole, Inc. and Walston & Co., Inc.

Business Man's Bookshelf

Charting Steel's Progress — A graphic fact book on the iron and steel industry — American Iron and Steel Institute, 150 East 42nd Street, New York 17, N. Y. (paper).

Contract Farming — Implications to Banking—Agricultural Commission, American Bankers Association, 12 East 36th Street, New York 16, N. Y., 25¢.

Effects of the $1 Minimum Wage in Five Industries—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Ave., New York 1, N. Y. (on request).

Federal Deposit Insurance Corporation — Annual report for the year ended Dec. 31, 1957 — Federal Deposit Insurance Corporation, National Press Building, Washington 25, D. C. (paper).

Hawaii — Patterns of Island Growth — Department of Business Research, Bank of Hawaii, Honolulu, Hawaii (paper).

New York State Legislative Annual, 1958—New York Legislative Service, 305 Broadway, New York 7, N. Y. (cloth), $12.50.

Peaceful Uses of Atomic Energy—List of U. S. Technical Papers presented at the Second United National International Conference at Geneva — Office of Technical Services, U. S. Department of Commerce, Washington 25, D. C. (paper), 25¢.

Relative Importance of Consumer Price Index Components, 1957 —U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y. (on request).

R. H. M. Bond Review—Advisory service on convertible bonds with complete charted record of the entire bond market — annual subscription, consisting of six bi-monthly issues plus flash report — $100; one issue, constituting a complete chart book, $20—R. H. M. Associates, Department CF-1, 220 Fifth Ave., New York 1, N. Y.

Who's Who of American Women—First edition — Marquis-Who's Who, Inc., Marquis Publications Building, Chicago 11, Ill.—$23.

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