EDITORIAL

As We See It

Twice within recent weeks the Federal Reserve authorities have shown concern about what is happening in the stock market. Margin requirements were substantially increased in August, and now last week they were again raised to the highest levels since early postwar years. The first step taken evidently did not have the effect that was hoped for, and the last was greeted with an outburst of trading and sharply higher prices. It is hardly strange that some wag remarked that if the Reserve were to raise margins to 110% we might be able to have a real bull market.

It is not for us to say whether the hopes for the future which evidently lead speculators (which in the present instance are often more like investors) to buy stocks which by any historical measure are already very high are or are not well-founded. In point of fact the Federal Reserve authorities profess to pass no such judgment upon the basis for strength in the stock market. Rather they tell us that they want to prevent undue use of credit in the stock market—a practice which by any of the ordinary standards had not in any event developed. It would appear that buyers of equity securities have in hand adequate cash for their purposes, and if they choose to use it in this way it is hardly the function of any public body to say them nay.

Some Implications

The thoughtful observer is, however, likely to see in what is going on in the stock market certain implications which him to far transcends ordinary considerations in importance. Professor Burns, formerly chief of the President's Council

Continued on page 22

Fundamental Problems
Confronting Gas Industry

By ROBERT W. OTTO*

Retiring President, American Gas Association

Chairman of the Board, Lucieta Gas Co., St. Louis, Mo.

Mr. Otto proudly sums up the gas industry's phenomenal progress as well as the less agreeable things which he believes urgently needs saying at this time. The latter, he points out, concerns: (1) precariousness of the price situation of gas at the well head and how it affects the entire industry from production, transportation and distribution; (2) need for research and development of gas appliances in order to meet acute competition as higher gas cost trend continues; and (3) unified industry-wide action acting on a common denominator. Sums up the problem as one stemming from Congressional inaction on a new Natural Gas Bill, chaos created by Memphis Decision now awaiting Supreme Court review, and pace of producing even better gas appliances.

I have no wish to belittle the gas industry's accomplishments to date. It has been phenomenal, and we all have a right to be proud of it. The fact is, however, that the big challenges are still ahead of us. And putting ourselves on the back for past achievements will do little to help us much in meeting these present challenges.

Briefly, if I see them, the hurdles we have now got to get over—the problems we now have to solve—are three, and every one of them is critical in its importance and urgent in its need for solution. These are, first, the problem of the increasing cost of natural gas and related questions of appropriate governmental price regulation; second, the problem of increasingly acute competition; and third, the problem of achieving effective unity and common purpose at all levels of the gas industry.

Continued on page 22


Financing Economics Today
For the Gas Industry

By ALBERT H. GORDON*

Partner, Kidder, Peabody & Co., New York City

Gas transmission and distributing companies' higher per share earnings-trend compared to electric companies, and California's upgrading of bonds, impress Mr. Gordon. The Wall Street partner offers suggestions as to how gas firms can sell senior securities on a par with those of electric companies, and approves the present equity ratio and the long-term buy by heavy depreciation policy. Based on recent bond market experience, he emphasizes importance of timing to avoid conflict with other big issues and of keeping capital structure in a condition to obtain capital at a reasonable cost.

Opposes giving F.P.C. jurisdiction over financing, and opines gas industry should be able to obtain equity funds on reasonable terms today.

From Wall Street's point of view, the gas industry, which will probably issue an $1,200,000,000 of securities in each of the next two years, is almost unique in the capital opportunities it presents, ranging from speculations in drilling and exploration to investments in the production and transmission and/or retail distribution of gas.

I will not discuss speculation, speculation, and drilling, for Texans and Louisianans can tell you much more about than can a Wall Street type. I will concentrate on the financial aspects of the transmission and gas distribution companies as seen by the investor.

But, before I do so, permit me to point out what our industry thinks it does for the gas industry. We do our best to obtain permanent capital from widespread sources at the lowest cost consistent with their best interests and analysis to the rules, regulations, and interpretations of the Federal Power Commission.

Continued on page 22


STATE, MUNICIPAL AND PUBLIC HOUSING AGENCY BONDS AND NOTES

MUNICIPAL BOND DEPARTMENT

THE CHASE MANHATTAN BANK

State, Municipal

and Public Housing Agency

Bonds and Notes

MILITARY BONDS

The Commercial and Financial Chronicle - Page 2

Volume 188 Number 3788

New York 7, N. Y. Thursday, October 23, 1958

Price 50 Cents a Copy

300 Montgomery St., San Francisco, Calif.
The Security I Like Best

A security is one in which, each week, a different group of analysts in the investing and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

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

HENRY J. LOW
Manager, International Research Dept., Goold, Wassell & Co., New York City

Fischer & Porter Company

Fischer & Porter Company, founded in 1937, is engaged in the manufacture of a wide variety of industrial process instruments, chlorination equipment, data acquisition and automation systems, precision shrunk plant assemblies, and high quality stainless steel casings.

The company's activities are centered around four "D"'s which are listed below in order of their importance:

(1) Development of Instruments Division, producer of all types of process measuring and control instruments which include devices for measuring, transmitting, indicating, and recording the rate of flow, temperature, pressure, liquid level, speed, position, and density.

(2) Data Reduction and Automation Division, builder of complete process control systems which measure, record, and correlate plant data for use of supervisors, located at nearby residence and in control room, and converting them to digital form for computer input. A newly developed digital demand meter was recently introduced for recording power demand, and suitable orders have been received from various electric power companies.

(3) Water and Waste Division, manufacturer of instruments for the measurement and treatment of water and sewage treatment systems, is marketing a new chlorine dioxide testing kit for the swimming pool industry. This radically designed chlorine test kit produces high accuracy, essentially corrosion resistant to chlorine, is available at a price half the cost of other standard models and safer and easier to operate and maintain.

(4) Glass Products Division, supplier of precision-bore glass tubing, glass pipe and fittings, electronic components and certain proprietary instrument systems.

In addition, Alloy Steel Casting Company, a wholly-owned subsidiary which produces high alloy and heat-resistant stainless steel castings, is working toward the way toward becoming a major earning contributor. The outlook for the company's operating activities is understood to be extremely encouraging.

International operations have been growing steadily in recent years and are owned in Canada, England, Holland, West Germany, Australia and Japan.

FISCHER & PORTER'S plant at Hatboro, Pa., maintains modern research and laboratory facilities, and with 15 employees, is completely equipped to produce small and medium-sized industrial process instruments. Lab equipment includes test cells (for standardized and automatic testing) and a wide variety of analytical equipment, including a 1,000 capacity spectrophotometer.
The Outlook for 1959

BY ANTHONY GAUBIS

Business and stock market analysis expects a change in current stock market trends in next few weeks. Questioning the prevalent bullish predictions published by several publications and the President, Mr. Gaubis forecasts a "Y" downward business judgment commencing next spring without any prolonged decline and concludes complacency about stock prices is probably unwarranted. He points out the market has held up, if anything, with every indication that inflation has never been a "one-way street," though the very long term is inflationary. Advises 25% to 50% of funds be in medium or long term and no major shifts from conservative, selective investment policy until Federal Reserve returns itself or other major changes occur.

It may be a little early to discuss the business and investment outlook for 1959, but in the case if we think in terms of policy based on what is becoming one of the most important dates in the calendar from the point of view of the "New Economy," Congress rising, the election campaign, and the period is important not only because it helps to decide, in large measure, the political climate in which we must live during at least the forthcoming presidential election year, and is also in view of the growing significance of something to which Humphrey H. Neils has recently called attention: "emotional engineering." Since 1932, people have been taught for years not to think more of themselves and to be conformists and to believe what they are told by the leaders of their own party, and to engage in political efforts to convince people that a particular party viewpoint is correct, regardless of its fundamental truth, are becoming increasingly successful. The present time, political propaganda is being foisted upon us who should get credit for the business recovery, and we should be blamed for the deficits and inflation we have now which has helped bring about the present prices and business activity. If we take the time and trouble, it looks at the recession we will see that all of this is likely to change short after November 2.

It is important to keep in mind the fact that part of the technique of "emotional engineering" involves playing down unfavorable developments while hammering away at every favorable straw. Unfortunately, it is frequently not possible to counteract such propaganda with any significant success, and it is possible the next ten years will witness the ascendancy of the point of view that says it is the government's responsibility to "teach" the people what to think and how to live. It is possible the next hundred years will witness the ascendancy of the point of view that says it is the government's responsibility to "teach" the people what to think and how to live.

[...]

INDEX

Articles and News...

[ED. NOTE: Articles carrying the symbol (♦) deal with outlook and problems of the gas industry.]

The Free World's Problems Confronting the Gas Industry—Robert W. Otto

Financing Economies Today for the Gas Industry—Albert H. Gordon

The Outlook for the Gas Industry—Anthony Gaubis

India's Current Box Score—A. Wilfred May

Expanding Gas and Piped-in Foods—Ina C. Cottegh

The Threat of Governmental Operations: Our Common Problem—J. W. McAffee

Treasury Planning Problems and Preservation of the Dollar—Hon. Julian B. Burdick...

The Spectre of Inflation and Mortgage Market Crisis—John C. Hall

Regulatory and Financial Advice for Successful Bond Issue—John M. Wilbeck

Liberty and Prosperity—Ludwig Van Mises

New Means of Productivity for Manufacturing Industry—Henry S. Fendt

"Potato Unlimited" for the Gas Industry—C. S. Stackpole...

"From Recovery to Boom?—Martin A. Gaubisch

A Time for Greatness—Glenn P. Clark

The Task of the World Bank and the Smithsonian Institution—Hon. Robert B. Anderson...

MORE ARTICLES IN SECTION TWO

SECTION TWO of today's issue is devoted to the recently-concluded 23rd Annual Convention of the National Security Dealers Association at Colorado Springs, Colo. Two of the more important articles on the pages that follow are:

New Types of Municipal Financing—John N. Mitchell...

Exploring Space via Manmade Satellites—Dr. Leo A. Dubridge...

Investment Opportunities in Missile Industry—Robert H. Kemore...

Factors Underlying the Economic Outlook—Frederick H. Mueller...

Analysis of Insurance Company Stock Today—William A. Womack...

Russia as a Competitor to American Business Analyzed by J. Walter Lewis...

What They Demand and Give (Boxed)...

"Right to Wreck" (Boxed)...

Investors League to Study Impact of Capital Gains Tax...

Net Capital Rule for NYSE Members Revised...

Regular Features

As We See It (Editorial)...

Bank Cover...

Business Forecastings...

Coming Events in the Investment Field...

Dealer-Blocker's Invoices...

"No Immediate Sterling Convertibility"...

From Washington Ahead of the News—Carlisle Barnett...

Inflation or Real Business Activity?

Mutual Funds...

New Bank and Mutual Observations—A. Wilfred May...

Our Reporter's Report...

Public Utility Securities...

Railroad Securities...

Securities Now in Registration...

Prospective Security Offerings...

Securities Salesman's Corner...

The Market... and You—By Wallace Stewart...

The Street—Like Best...

The State of Trade and Industry...

Washington and You...

"See page 4 for Mr. May's on-the-spot report of India's economic and political problems."

Column not available this week.

[...]

THE DEFECTIVE ONES

You can still show those obnoxious who's boss by dumping 'em at 99 Wall!

Obstinate Securities Dept.,
99 WALL STREET, NEW YORK Phone: Whistle 4-5581

BASIC ATOMICS

FOOD FAIR PROPERTIES

COASTAL STATES GAS

LUCKY Mc URANIUM

SABRE PINON CORP.

J.F. Reilly & Co., Inc., Members Salt Lake City Stock Exchange;
1 Exchange Pl., Jersey City
Digsby 4-8700

Telcype: NYC 1156

DIRECT WIRE TO:
Salt Lake City

Fisco, Inc.

Pacific Uranium*

Ling Electronics Inc. & Pendergast & Co.

L. O. C. Glass Fiber

Atlas Sewing Centers

*Sung on Request

SINGER, BEAN & MACKIE, INC.

HA 2-9000 40 Exchange Place, N.Y.
Teletype NY 1-1283 & 1484

Direct Wires to:
San Francisco Los Angeles Chicago

Syntex Corp.

Seaboard Life Insurance "A"

Altamir Corp.

McLean Industries

Also, Inc.

Eisco, Inc.

WM. V. FRANKEL & CO.

INCORPORATED

39 BROADWAY, NEW YORK 6

Whistle 3-3900

Direct Wires to:

PHILADELPHIA

For many years we have specialized in PREFERRED STOCKS

Spencer Trask & Co.

Members New York Stock Exchange

26 BROADWAY NEW YORK, N.Y.

TELEPHONE Hanover 2-4300

TELETYPE NY 14

For many years we have specialized in PREFERRED STOCKS

Spencer Trask & Co.

Members New York Stock Exchange

26 BROADWAY NEW YORK, N.Y.

TELEPHONE Hanover 2-4300

TELETYPE NY 14

For many years we have specialized in PREFERRED STOCKS

Spencer Trask & Co.

Members New York Stock Exchange

26 BROADWAY NEW YORK, N.Y.

TELEPHONE Hanover 2-4300

TELETYPE NY 14

For many years we have specialized in PREFERRED STOCKS

Spencer Trask & Co.

Members New York Stock Exchange

26 BROADWAY NEW YORK, N.Y.

TELEPHONE Hanover 2-4300

TELETYPE NY 14

For many years we have specialized in PREFERRED STOCKS

Spencer Trask & Co.

Members New York Stock Exchange

26 BROADWAY NEW YORK, N.Y.

TELEPHONE Hanover 2-4300

TELETYPE NY 14
India’s Current Exchange Score

By A. Wilfred May

On-the-spot survey reveals crucial external and internal economic difficulties besetting India, where U. S. has such a huge and growing interest because of planning; (1) areas prone to planning miscalculations; as well as long-term weaknesses in areas of food, population, labor and foreign private investment capital.

Dobay, India—How is the big U. S. investment in India’s economic and political areas—actually sputtering off? Uncle Sam’s financial investment in India started with a bang: $30 million in 1952, to rise to $650 million in 1958. This large figure was due in part to large grants since independence, but India has just been bought another $75 million, its share of $350 million or the $2 billion in exchange high in the Federal Reserve Bank.

The United States contribution far exceeds that of any other country or international agency with Russia only recently coming through India with a loan of $30 million or the new government. Incidentally, “a Gallup Poll” just conducted by the Indian Institute of Public Opinion here reveals 33% of the respondents in the youth (20-29 years) and lower income groups believe that the government can do what the world is respecting India’s cultural achievements and contributions to the world. The foreign exchange riders which stood at $1.3 billion in early 1956 fell during the following year to $600 million, and are now down to $200 million—a gold reserve of $243 million. To take care of such liabilities ending due by early March 1959, the Government has offered for in September’s Washington meeting under the agreement signed with the leading Banker Eugene Black (by U. K. and India) and World Bank $100 million, in a Development Loan, West German $100 million, and Japan 10 million, respectively. Moreover, another $650 million will be needed from the World Bank, not to mention March 1959-1961 to pay for bills and oil. Europe is experiencing an inflationary trend, and the Federal Reserve Bank's official has revealed that the anticipated inflation is being met with a solid demand for dollars.

But, the Indian government has, as it does in all its major manifestations, its heavy industry. There is a grave misgiving in India, at least over the short-term. During the past year India has lost its chief export, and through scheduled economies has cut back its defense expenditures, but real estimates still indicate an internal resource of iron and steel and coal. The government’s heavy investment in coal-mining has been a disaster, and the steel production is still on the rise. The government’s heavy investment in coal-mining has been a disaster, and the steel production is still on the rise.

The Plan’s originally estimated cost of Rs. 4 billion was cut to Rs. 3 billion, and through scheduled economies has been reduced to Rs. 1.5 billion, and through defense estimates still indicate a Rs. 1.5 billion. The government is therefore attempting to reduce the cost of the project, and that the steel production is still on the rise.

Heavy Industry Versus Food

According to the State’s expansion of steel industry in 1956, India is a great industrial country, and there will be at least over the short-term. During the past year India has lost its chief export, and coal--which is a growing commodity--has been a disaster, and the steel production is still on the rise.

Labor constitutes a big field offering the most severe basic difficulty. It seems that there are four men to do one day’s work (in contrast to a “recovery” country where each man can do work for half the time). The labor demand is also excessive in the Government’s basic areas, the absence of appreciation of quality and the value of the contractor is not well recognized among the farmers who are the mainstay of the steel industry, and to coddling because of the high wages.

Outlook for the Foreign Investor

Dismal prospects for the private foreign investor seem to render the purchase of stocks and shares of the Indian Steel Corporation (ISI) of much less value than it has been estimated to be by the above-mentioned creditor nation. It is hoped that the resulting severe difficulties will be overcome by the principle of the bondholders, but the trend is expected to continue for some time.

Planning Gone Awry

India’s difficulty basically and directly results from gross mis-calculations concerning her Secular Plan for development. In 1951—1956 in gross underestimation of the natural resources needed to attain the planned targets. The major reason behind this is that the rapid industrialization of such a country and the vast underdeveloped country. The Government itself explains its budgetary and exchange high in the Federal Reserve Bank as “being in part due to additional exposures incurred in directions not originally envisaged, and increases in internal and external prices.”

Overall, the planners underestimated the dollar revenues, partly due to administrative inefficiencies. Also due to the fact that the economic planning has been carried out in a direction and independent and non-conforming. The planners had to make allowance for the violent changes in the prices of raw materials and wages, as well as the area of the country.

The Plan’s originally estimated cost of Rs. 4 billion was cut to Rs. 3 billion, and through scheduled economies has been reduced to Rs. 1.5 billion, and through defense estimates still indicate a Rs. 1.5 billion. The government is therefore attempting to reduce the cost of the project, and the steel production is still on the rise.

The Plan’s originally estimated cost of Rs. 4 billion was cut to Rs. 3 billion, and through scheduled economies has been reduced to Rs. 1.5 billion, and through defense estimates still indicate a Rs. 1.5 billion. The government is therefore attempting to reduce the cost of the project, and the steel production is still on the rise.

Heavy Industry Versus Food

According to the State’s expansion of steel industry in 1956, India is a great industrial country, and there will be at least over the short-term. During the past year India has lost its chief export, and coal--which is a growing commodity--has been a disaster, and the steel production is still on the rise.

Labor constitutes a big field offering the most severe basic difficulty. It seems that there are four men to do one day’s work (in contrast to a “recovery” country where each man can do work for half the time). The labor demand is also excessive in the Government’s basic areas, the absence of appreciation of quality and the value of the contractor is not well recognized among the farmers who are the mainstay of the steel industry, and to coddling because of the high wages.

Outlook for the Foreign Investor

Dismal prospects for the private foreign investor seem to render the purchase of stocks and shares of the Indian Steel Corporation (ISI) of much less value than it has been estimated to be by the above-mentioned creditor nation. It is hoped that the resulting severe difficulties will be overcome by the principle of the bondholders, but the trend is expected to continue for some time.

Planning Gone Awry

India’s difficulty basically and directly results from gross mis-calculations concerning her Secular Plan for development. In 1951—1956 in gross underestimation of the natural resources needed to attain the planned targets. The major reason behind this is that the rapid industrialization of such a country and the vast underdeveloped country. The Government itself explains its budgetary and exchange high in the Federal Reserve Bank as “being in part due to additional exposures incurred in directions not originally envisaged, and increases in internal and external prices.”

Overall, the planners underestimated the dollar revenues, partly due to administrative inefficiencies. Also due to the fact that the economic planning has been carried out in a direction and independent and non-conforming. The planners had to make allowance for the violent changes in the prices of raw materials and wages, as well as the area of the country.
Expanding Gas and Piped-In Profits

By DR. IRA U. COBLEIGH, Economist

A discussion of trends in natural gas plus some topical notes about certain companies.

Oil has seemed a bit soggy this year, atomic energy still is a remote major source. But natural gas has been setting a hot pace among the many sources in North America. We've had natural gas announced in long time but on a large scale for years. On the basis of reports, millions of dollars of production have been invested in systems which almost completely cover the railroads in total mileage—e.g., the National Fuel Gas Company of New York, a large natural gas company with a main line from Western Pennsylvania to New York State; and the Texas, New Mexico and East Texas gas Transmission company, which has a line from El Paso, Tex., up the entire coast and a trans-Rocky line to Oregon and Washington and Tennessee Gas Transmission Company coming from East Texas into New England.

Supplies 27% of Energy Consumption

Ten years ago natural gas provided 16.5% of total energy consumption in the U.S. Today it accounts for 27%, and in the near future it has been grabbing a lot of market share away from its own blood brother, fuel oil. Gas sales, waste, single million cubic feet in 1946 (equal to 671 million barrels of crude oil), in 1957, gas sales were 10.5 trillion cubic feet (equivalent to 1.7 million barrels of oil). Since November 1946 the total annual volume of sales in heating fuel has remained almost unchanged, with major sales expansions in heating fuels going almost entirely to natural gas.

Huge Potential Supply

All of which points up the question of gas supply as opposed to the trillions needed for the next decade, based on known U.S. reserves at the moment around 2.9 trillion cubic feet. Canada can offer around 25 trillion cubic feet. Since the known reserves seem to be somewhat higher, it has been estimated by experts at about 300 trillion. And, if you can call that potential, it is what the pipeline industry is working on at this moment. (See graph on page 15.)

A year or so ago, there was a great hue and cry among Canadians that their undeveloped reserves might be needed for Canada's future up to the year 2000. And the argument made little sense. Oil drilling was then equal to the known reserves of natural gas. But there was no indication the gas had no place to go. It couldn't begin to supply a market locally in West Canada; pipelines to take it away had not been built; and the volume available for use or sale was so great that it was ridiculous to assume it is a sort of trust fund asset for Canadian generations yet unborn. Equality. It seemed economic nonsense to cap all those wells, and sit on it indefinitely, when they might produce large immediate increases in exploration funds for intensive further exploration. That gas may be great for coffee in a tin, but not necessarily in a pipeline.

Some more enlightened Canadian policy appears to be that if more is not produced in due course, a lot more gas to be exported to the U.S. than has been the case in the past. A day may come when flowing in from the derrick-laden West Coast may be important.

Calling Lists of Customers

Among those waiting to receive these greatly stepped up future volumes of Canadian gas are the Peninsula Natural Gas Co., through its controlled Pacific Northwest Pipeline Co., and the Canadian Pacific Gas Transmission Company, which, through its subsidiary, Midwestern Gas Transmission Co., and a pipeline from Emerson, Manitoba, south to Fort Edmonton, Alberta, the Pacific Gas Co. Electro is interested in building a pipeline across the whole country. There is a large number of British and American regulatory bodies in the pipeline business. For sure, is who's going to get what, but it does appear that a major volume of the natural gas burned in the Surgig Sixties will be on Canadian lines.

Some Domestic Companies

In the United States, the biggest single new pipeline development has been the Houston pipeline, from Texas to New York. The Pipeline Co. was one of several natural gas concerns that were started during the depression for the purpose of curing the depression in the industry. A little more than 1,000 miles of line will be 20 inches in diameter; the pipe will be 47 inches in diameter; the pipe will carry 140 million cubic feet of gas, and will be constructed in sections at the River Grande Valley in Texas, through Baton Rouge, La., and running to Cutler, Pa., some miles north of Pittsburgh, Pa. The initial daily average pipeline delivery to New York will be about 325,000 m.m.c.f. to serve the city.

Investors were offered (by a prominent Wall Street firm) 191,588 shares, for which the foregoing information was derived, units consisting of $25 par, with $12.50 paid in and five shares of common stock for each unit. The purpose of the security is the pooling of the Crescendo enthusiasm for these securities resulted in swift subscription for the offering of 600,000 shares, 250,000 and the remainder of the $25 par units at $12.50. In other instances, where the first $25 par was not taken up, the remaining 500,000 shares of stock were taken up at $17.25. And an estimated sale valuation of $2 for the $5 bonds on the proceeds and with these new securities interest you, a visitor gets the prospects referred to above which contains all, and the only, official information of this large enterprise.

The new company is the new Tennessee Gas Transmission Company. It is one of the major natural gas companies and its common stock has done well by all long-term holders. Stock dividends of 23% paid in both 1949 and 1956. 20% in 1962, in 1955 and 1958 in 1958. In addition, cash dividends have risen from 20 cents a share in 1951 to a regular rate of $1.80 now. Long term bonds maturing 1965, 20% in 1955 and 1958, and 8% from 1965 to 1980. Insurance and other reserves are around 32 to yield about 4.35%.

TGI is new to us, in a pipeline system of over 10,000 miles, 170,000 net acres of producing oil leases; 75 million barrels in crude oil and liquid hydrocarbon reserves, and $500 million c.f. of natural gas; refineries of 35,000 barrel daily capacity. Much leverage is provided for the 19,948,418 common shares by $454,269,000 in long-term debt and $308,000,000 par amount in several series of preferred stocks lying ahead. If you are picked out just one natural gas stock to own, many analysts would do, doubt, suggest Tennessee Gas.

An Integrated Company

American Natural Gas is an integrated company owning Michigan Consolidated Gas Company and Milwaukee Gas and Electric Co., through the controlled Pacific Northwest Pipeline Co., and Canadian Pacific Gas Transmission Co., which, through its subsidiary, Midwestern Gas Transmission Co., and a pipeline from Emerson, Manitoba, south to Fort Edmonton, Alberta, the Pacific Gas Co. Electro is interested in building a pipeline across the whole country. There is a large number of British and American regulatory bodies in the pipeline business. For sure, is who's going to get what, but it does appear that a major volume of the natural gas burned in the Surgig Sixties will be on Canadian lines.

ANG common is listed on the New York Stock Exchange where its 4,862,346 shares trade currently at around $3.91. Per share net this year should rise to above $4.25 (up from $3.91 in 1957), ample support for current dividend rate of $2.80. Incidentally, AGN common has an unbroken dividend record running all the way back to 1940—44 cents per share. A fine dependable performer for serious long-term holding.

Another big city gas company of interest is Laclede Gas Co., delivering natural gas in a service area, with a population of almost 700,000, U.S. and 100,000 Canadian residential, including a steadily growing household heating business (20,000 residential heating customers to be added this winter). Gas is supplied under long-term contracts with Mississippi River and Southern Pacific Gas Co. and Laclede is now able to handle its peak load winter demands quite effectively by virtue of extra underground storage facilities near St. Louis.

Laclede common (NYSE symbol LAC) should report this year its highest earnings in history above $1.35 against indicated dividend of 90 cents. Stock sells at 191% and there are about 16,000 share holders.

Other Companies

We'd have to discuss many more companies, producers like Hugoton and Republic; distributors such as Central Electric and Gas, and Peoples Gas, Light & Coke; but our space was too short.

For those seeking growth type securities, with gas as a major asset, there are several oil companies with growth in earnings and dividends, the natural gas industry is, indeed, a lush field brightened by rising visible supply, easy market, rising prices, and policies of the federal government. A bit of luck, a bit of skill, and a bit of this, a surging demand abetted by many new uses—including petrochemicals for plastics, and sulphur extracted from sour gas. Successfully investing in natural gas is no pipe-dream—it has proved a glorious reality.

Emanuel Deeljen Co.
To Admit New Partner

Arthur F. Schobohm, Jr., member of the New York Stock Exchange, on Nov. 1 will be admitted to partnership in Emanuel Deeljen & Co., 120 Broadway, New York City, members of the New York Stock Exchange Company.
The Threat of Government Operations—Our Common Problem

By J. W. McAfee
President, Union Electric Company, St. Louis, Mo.

Concerned about the unwilling support given to Socialist leaders, Mr. McAfee wrote to the Wall Street Journal about the public and the difficulty of getting over to the public the true issues involved in government ownership and unfair government competition. Mr. McAfee calls for a thorough and constructive examination of the issue and suggests all businessmen be made to see that "the disinterested spectator of today may well be the challenged protagonist of tomorrow." The electric utility trade "is an example of the steps in the entering wedge of Socialism and war," he says, "and this is a common problem transcending beyond the industries thus far touched by it."

Government operation of business is a "common problem" of much broader scope than any of the industries thus far touched by it, and to my view, of great significance in shaping the future role of our country.

There is an attitude of mind, which I call the "back-to-the-farm" attitude, against which this issue must be considered today. This attitude has been fostered in the United States by immigrants from what we call the "old country"—principally western and southern Europe— and their descendants. They brought with them the same background and much the same talents as those who stayed behind. It is reasonable to assume that they lived more venturesome and courageous lives in their imagination and determination to strike off across the seas in search of better means of livelihood than the ones that could find at home.

These immigrants found great natural resources in this continent; however, there are also great natural resources near and south of the equator, which are either undeveloped or have been developed in such a way as to bring no starting strength to the areas in which they are found. My point is that for the United States, in the span of 170 years to have grown from a struggling federation of states into the dominant nation of the world, must be the product of some element beyond the talents of the people and the physical advantages and opportunities available to them.

It is perfectly clear to me that the concept of government written into the American Constitution is the key to this great national growth. The Constitution demonstrated the startling effect of a free opportunity, with unlimited access to the productive capacity of man.

Counter Philosophy Seeking Dominance

Now this whole system is being challenged. In almost every field of human endeavor—military, economic, scientific, and the arts—a counter-philosophy is being pressured against our way of life.

People, generally, appear to be dissatisfied with the military pressure. Important as it is for us to remain able to protect ourselves, it is a lessening strength to us, as there are many of us who believe, in all honesty, that we retain the things that made the growth of the nation possible.

The lure of the appearance of something for nothing is probably the greatest factor in the apparent lack of public support given to the great variety of Socialistic features. This is one of the concepts which became a part of our national policy.

There are so few people in this country who conscientiously subscribe to the Socialistic philosophy that even if you lumped in all of the fellow-travelers, the Marxists, and the Socialists, you may not have an appreciable threat to our system: That these people themselves recognize that the only way the large industries from the devices they have adopted in fostering the present unwise policy, as they are necessary to their program.

Marxists' First Step

It is easily clear that the Marxists quickly recognized that if they were to bring the ownership of all productive facilities into ownership by the government, the first step was to obtain ownership of the basic industries, the productions, namely, the utilities. As I will endeavor to show, subsequent legislation was directed to the electric utilities. It was not until both the gas and electrical utilities were owned by a single government department that in 1933 was passed a job with an important and basic part of our economy that it is all too easy to forget. We have been little talk of socializing it till it was done. It is the work and the face that the facing of the developing great gas reserves, designed and built by the government, and deliver it, the appliances to the public in order appropriate regulation, responsible government, after all that accomplishment, that the big government adherent, producer on the socialistic and communist, finally becomes another story.

As you know, activities for government ownership of the gas business developed slowly in recent years. This Association has called attention to the fact that from 1956 to 1957, municipal corporations in the gas field grew in dollars of gross by 18%, while the average private-owned industry increased only 74%. The percentage increase in number of cases was 60% in the municipal and 36% in the private and in terms of units sold, was at least one in five. It is a pretty question but that there will be a concerted effort to continue this trend. It will be to be seen if we can make the best of the industry and the natural resources that we have in the United States.

There will be every denial that these are the reasons given to support the program. Black and White, they will be made to believe that the real objective. These proposals will be made by practicing Socialists. They will, in many instances argue, say that the growth of natural monopolies that are progressing a pattern that is in line in the historical utilization of the natural monopolies and the consequential breakthroughs through the years.

We will not be able to give just one example. This spring, when we were confronted with the problems of the power legislation, it was inevitable that the privately-owned power industry would be a fighting and of the Senate and the House and the Congressmen and Senators, be made on the question of whether to extend power in another great bill. There is an attitude of mind, which I call the "back-to-the-farm" attitude, against which this issue must be considered today. This attitude has been fostered in the United States by immigrants from what we call the "old country"—principally western and southern Europe— and their descendants. They brought with them the same background and much the same talents as those who stayed behind. It is reasonable to assume that they lived more venturesome and courageous lives in their imagination and determination to strike off across the seas in search of better means of livelihood than the ones that could find at home.

These immigrants found great natural resources in this continent; however, there are also great natural resources near and south of the equator, which are either undeveloped or have been developed in such a way as to bring no starting strength to the areas in which they are found. My point is that for the United States, in the span of 170 years to have grown from a struggling federation of states into the dominant nation of the world, must be the product of some element beyond the talents of the people and the physical advantages and opportunities available to them.

It is perfectly clear to me that the concept of government written into the American Constitution is the key to this great national growth. The Constitution demonstrated the startling effect of a free opportunity, with unlimited access to the productive capacity of man.

Counter Philosophy Seeking Dominance

Now this whole system is being challenged. In almost every field of human endeavor—military, economic, scientific, and the arts—a counter-philosophy is being pressured against our way of life.

People, generally, appear to be dissatisfied with the military pressure. Important as it is for us to remain able to protect ourselves, it is a lessening strength to us, as there are many of us who believe, in all honesty, that we retain the things that made the growth of the nation possible.

The lure of the appearance of something for nothing is probably the greatest factor in the apparent lack of public support given to the great variety of Socialistic features. This is one of the concepts which became a part of our national policy.

There are so few people in this country who conscientiously subscribe to the Socialistic philosophy that even if you lumped in all of the fellow-travelers, the Marxists, and the Socialists, you may not have an appreciable threat to our system: That these people themselves recognize that the only way the large industries from the devices they have adopted in fostering the present unwise policy, as they are necessary to their program.

Marxists' First Step

It is easily clear that the Marxists quickly recognized that if they were to bring the ownership of all productive facilities into ownership by the government, the first step was to obtain ownership of the basic industries, the productions, namely, the utilities. As I will endeavor to show, subsequent legislation was directed to the electric utilities. It was not until both the gas and electrical utilities were owned by a single government department that in 1933 was passed a job with an important and basic part of our economy that it is all too easy to forget. We have been little talk of socializing it till it was done. It is the work and the face that the facing of the developing great gas reserves, designed and built by the government, and deliver it, the appliances to the public in order appropriate regulation, responsible government, after all that accomplishment, that the big government adherent, producer on the socialistic and communist, finally becomes another story.

As you know, activities for government ownership of the gas business developed slowly in recent years. This Association has called attention to the fact that from 1956 to 1957, municipal corporations in the gas field grew in dollars of gross by 18%, while the average private-owned industry increased only 74%. The percentage increase in number of cases was 60% in the municipal and 36% in the private and in terms of units sold, was at least one in five. It is a pretty question but that there will be a concerted effort to continue this trend. It will be to be seen if we can make the best of the industry and the natural resources that we have in the United States.

There will be every denial that these are the reasons given to support the program. Black and White, they will be made to believe that the real objective. These proposals will be made by practicing Socialists. They will, in many instances argue, say that the growth of natural monopolies that are progressing a pattern that is in line in the historical utilization of the natural monopolies and the consequential breakthroughs through the years.

We will not be able to give just one example. This spring, when we were confronted with the problems of the power legislation, it was inevitable that the privately-owned power industry would be a fighting and of the Senate and the House and the Congressmen and Senators, be made on the question of whether to extend power in another great bill.
Treasury Financing Problems
And Preservation of the Dollar

By JULIAN B. BAIRD
Under Secretary of the Treasury

Mr. Baird stresses Treasury-savings institutions mutual concern in the preservation of the dollar in an urgent appeal to nonbank financial institutions to buy government bonds. Fully supporting the Chief's recent pleas (Ed. Note: See See. Anderson's remarks in Oct. 2 issue of the Chronicle) and rebutting disclaimers of non-helpfulness in this matter (as, e.g. G. Lea's remarks p. 3 of Oct. 16 issue), the Treasury reckons the reversal of theattrition of govern- ment in nonbank financial institutions' portfolios would be significantly helpful. He analyzes the mounting inflationary sentiment justified. States new methods of financing are being explored though there will be continued emphasis on time tested methods. Makes clear that enlightened self-interest transcends yield as the criterion of savings' importance. chorus from government policy without jeopardizing fiduciary obligations.

The life insurance industry is the custodian of more than $100 billion of savings of the American people. Their responsibilities to the 110 million policyholders who own life insurance policies are great. One aspect of the responsibilities is the concern in the Treasury share with the fate of our currency and the preservation of the dollar in the value of the dollar. The Treasury, as you know, has become by far the largest borrower in the investment market. In addition to the $7 billion over of relatively short-term bills every three months, the Treasury this fiscal year has handled almost $32 billion of maturings. Further market financing, growing out of budget deficits for fiscal 1959 and, presumably, fiscal 1960 will push total year financing further.

Under these circumstances, the Treasury's operations are of exceptional importance in the economy. The decision we make in influencing your own investment decisions will influence a large proportion of our population. In turn, your activities and those of other major financial institutions help to establish the limits within which the Treasury must operate. Together, we have a tremendous stake in protecting the value of the people's savings.

Fortunately, we can approach our common problems today in an atmosphere of business improvement. This fact is of primary importance to all of us concerned with the investment markets. Improving business conditions can and should help forward the flow of savings—essential to your operations, and to ours. It will— tough luck. We must take in-tax receipts, thus making an important contribution toward strengthening the Government's fiscal position.

In the relatively rapid recovery of our economy from recession is in fact our own recovery, an important development that I believe we need to stop for a moment to consider. I can believe in just how many factors brought about the situation. The American people have taken many steps over the years to strengthen and improve the financial and economic structure and to assure a wide distribution of its benefits. We have written in our last few major legislation, recognition of the Government's responsibilities to improve employment, production and purchasing power. Timely Gov-

"This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these Bonds. The offer is made only by the Prospectus."

$25,000,000

Commonwealth of Australia

Twenty Year 5% Bonds

Dated November 1, 1958
Due November 1, 1978

Interest payable May 1 and November 1 in New York City.

Price 97½% and Accrued Interest

Copies of the Prospectus may be obtained in any State from only such of the undersigned as may legally offer these Bonds in compliance with the securities laws of such State.

MORGAN STANLEY & CO.

THE FIRST BOSTON CORPORATION KUHN, LOER & CO. HARRIMAN RIPLEY & CO. Incorporated

BLYTH & CO., INC.

EASTMAN DILLON, UNION SECURITIES & CO. GOLDMAN, SACHS & CO. HALLGARTEN & CO.

KIDDER, PEABODY & CO. LAZARD FRERES & CO.

LEHMAN BROTHERS MERRILL LYNCH, PIERCE, FENNER & SMITH SALOMON BROS. & HUTZLER

SMITH, BARNEY & CO.

White, Weld & Co.

October 26, 1958.
Dealer-Broker Investment Recommendations & Literature

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


Burnham Vic.—Monthly investment letter—Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available in current Financial Letter.

Canada's Investment Business—Brochure—Canadian Institute of Chartered Accountants, 69 Bloor Street, East, Toronto 5, Ontario.


Canada's Investment Business—Brochure—Canadian Institute of Chartered Accountants, 69 Bloor Street, East, Toronto 5, Ontario.


India's Canning Industry—Letter—Harkaonanad, Lukumidas, 5 Hamam Street, Bombay, India.

Investing in Costa Rica—Booklet on investment opportunities—American & Foreign Power Company, 100 Church Street, New York 5, N. Y.


New York Oil Match.—Bulletin on 3rd quarter earnings comparison—Laird, Bissell & Meeds, 120 Broadway, New York 6, N. Y.

Oil Stocks—Study—Distributors Group, Incorporated, 63 Wall Street, New York 5, N. Y.

Over-the-counter Broker Industry—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 of yield and market performance over a 19-year period—National Quotation Bureau, Inc., 45 Front Street, New York 4, N. Y.

Over the Counter Newsletter—Bache & Co., 36 Wall Street, New York 5, N. Y.


Stock Transfer Taxes—Booklet giving current Federal and State Stock Transfer Tax rates—Register and Transfer Company, 50 Church Street, New York 7, N. Y.

Acoustic Associates, Inc.—Data—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y. Also available are data on Microwave Associates, Inc.

American Machinists' Fraternity—Memorandum—Edward L. Burton Co., 160 South Main Street, Salt Lake City 1, Utah.

American Investors Corp.—Memorandum—Johnson, Lane, Space Corp., Citizens & Southern Building, Atlanta 2, Ga.


Amoco Corporation—Data—Purcell & Co., 50 Broadway, New York 4, N. Y. In the same bulletin are data on Lone Star Cement Corporation. Also available is an analysis of Hooker Chemical Corporation.

Atlas Credit Corporation—Report—J. C. Watson & Co., Inc., 11 Broadway, New York 4, N. Y. Also available is a report on Workman's Fm. Inc.

Beech Airplane—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Cascades Natural Gas—Memorandum—Hemphill, Noyes & Co., 35 Broad Street, New York 5, N. Y.

Cebula, G. A. and Memorandum—Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo. Also available is a card memorandum on Universal Match.

Dell Metal—Memorandum—Dempsey-Toogood & Co., Houston, Club Building, Houston 2, Texas.

Dominion Stores Ltd.—Analysis—Burns Bros. & Denton, Inc., 102 Wall Street, New York 5, N. Y.

Equitable Credit Corp.—Memorandum—General Investment Corp., 35 Broadway, New York 6, N. Y.

Fibernetics Corp.—Bulletin—Schwartzkorn & Co., 29 Broadway, New York 6, N. Y.

Fram Corporation—Analysis—H. Hentsz & Co., 72 Wall Street, New York 5, N. Y. Also available is a report of the Copper Situation and a memorandum on Brus Beryllium Co.

General Motors Corporation—Report—Partish & Co., 40 Wall Street, New York 5, N. Y.

Have Sound Analysis—du Pont, Henney & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular is an analysis of Virginia Carbone Chemicals.

Interchemical Corporation—Bulletin—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a bulletin on Dresser Industries.

Lithium Corporation of America, Inc.—John H. Kaplan & Co., 120 Broadway, New York 5, N. Y.

Mountain Fuel Supply Company—Report—Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a report on Smith Engineering Works and a memorandum on First National City Bank of New York.

Mountain Fuel Supply Co.—1957 annual report—Mountain Fuel Supply Company, Secretary, P. O. Box 860, Salt Lake City 10, Utah.


Northern Pacific Railway—Analysis—Peter P. McDonald & Co., 42 Broadway, New York 4, N. Y.

Pacific Uranium—Report—Singer, Bean & Mackie, 40 Exchange Place, New York 5, N. Y.

Pan American Sulphur Company—Don W. Coldwell Organization, 128 Broadway, New York 5, N. Y. Also available is a bulletin on Metals Consolidated Industries, Inc.

Plibury—Revue—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Radio Corporation of America—Report—Thompson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is a report on American Cymomat Co.


Westheimer & Co. Adds 


Westheimer & Co. Adds (Special to The Financial Chronicle) 

CINCINNATI, Ohio—George L. Steiger of the research department of Steiger & Company has joined the staff of Westheimer and Co., 322 Walnut Street, Cincinnati, Ohio, and member of the Cincinnati Stock Exchanges.

Two With McDaniel Lewis 

GREENSBORO, N. C.—Faris J. Arthur, Jr., and Charles J. Beeling, Jr., have joined the staff of McDaniel Lewis & Co., Jefferson Building.

George F. Taylor 

George F. Taylor passed away with Oct. 18 at the age of 62. Prior to his retirement had been an Building members of the New Assistant Vice-President of the Bankers Trust Company.

George F. Taylor 

JOINs Earle C. May 

(COOL LAKES, Ohio) — Howard M. Baer is now with Curtis, House & Co., Union Commerce Corp., 439 South Westmorland Street.

Two With McDaniel Lewis 

GREENSBORO, N. C.—Faris J. Arthur, Jr., and Charles J. Beeling, Jr., have joined the staff of McDaniel Lewis & Co., Jefferson Building.

George F. Taylor 

George F. Taylor passed away with Oct. 18 at the age of 62. Prior to his retirement had been an Building members of the New Assistant Vice-President of the Bankers Trust Company.

Looking for the unusual

Beautifully Bound Set of Commercial & Financial Chronicles, 1920-1945

FOR SALE

Available in New York City—Write or Phone 

(226) Rector 2-9570 

Edwin L. Beck 

e/o Chronicle, 25 Park Pl. N. Y. 7

Car1 W. Jackson Joins White, Weed & Co. 

WASHINGTON, D.C. — Carl W. Jackson has been associated with 

White, Weed & Co., 20 West Monroe St., Chicago, and has recently been with Growth Industries. In the past he was an officer of Harris, Hall & Co.

COMING EVENTS

In Investment Field

Oct. 25, 1958 (New York City) 

Security Traders Association of New York annual cocktail party and dinner dance at the Hotel Pierre.

Nov. 7-9, 1958 (Chioneo, Ill.) 

National Association of Investment Clubs 6th annual convention at the Hotel Sherman.

Nov. 8, 1958 (Philadelphia, Pa.) 

Investment Traders Association of Philadelphia sixth annual dinner dance at the Philadelphia Cricket Club.

Nov. 18-20, 1958 (New York City) 


Nov. 29-Dec. 5, 1958 (Miami Beach, Fla.) 

National Bankers Association of America annual convention at the Americana Hotel.

Dec. 12, 1958 (New York City) 

International Convention of New York annual dinner at the Waldorf Astoria.

April 1-3, 1959 (San Antonio, Tex.) 

Texas Group of Investment Traders Association of America annual meeting at the Hilton Hotel.

May 14-15, 1959 (Boca Raton, Fla.) 

National Security Traders Association Annual Convention at the Boca Raton Club.

Opens Inv. Office

Eitel Minc Off is conducting a securities business from offices at 171 West 1st Street, New York City.

With Green, Erb & Co. 

(COOL LAKES, Ohio) — Frank W. Otis has joined the firm of Green, Erb & Co., Inc., Superior National Bank, located in the Midwest Stock Exchange.

Foster & Marshall Add 

(US SPECIAL TO THE FINANCIAL CHRONICLE) 

MORDLAND, Oreg. — Lowell E. Foster has been added to the staff of Foster & Marshall, 44 South Central Avenue.

With E. I. Hagen & Co. 

(VANCOUVER, B.C.) — Paulus M. McKee is now with E. I. Hagen & Co., American Bank Building.

JOINs Milwaukee Company 

(MILWAUKEE, Wis.) — ST. PAUL, Minn.—Raymond K. Thoe has joined the staff of The Milwaukee Co. Endicott Building.
The Spectre of Inflation and Mortgage Market Crisis

By JOHN C. HALL

President, Mortgage Bankers Association of America

The mortgage market faces a crisis. This statement sounds like a piece from an old and well-worn newspaper. The mortgage market seems to have been a hot topic, much in face of a crisis of one kind or another since the World War II. It has suffered from various conditions from bad to worse. The number of outstanding mortgage loans reached a peak in the late 1960s, but it temporarily broke away from its traditional practice, and it is still a subject of concern.

In this particular year, we have had a double crisis. First, money markets have been troubling because of the insured mortgage loans, and second, the general decline in the interest rate structure. Both of these conditions fixed interest rates on FHA mortgages into an acceptable relationship in the market. Now, after a few months of a recovery of the downward trend in interest rates, we face the prospect of having funds diverted from mortgage investment as rapidly as they were used, or perhaps even faster than last winter.

This is a serious matter for all of us. There is no question about that. But this is not the crisis I want mainly to discuss. First, the possibility of temporary discomfiture for the financing and building industries is something much more serious. This is the possibility that interest rates may, in fear of inflation, lose faith in fixed income obligations, of which mortgage loans are the prime example. And if mortgage loans should really lose favor as an investment medium, private financing of private building also is sunk. There can be no question about that.

Situation Strange

There is a good reason to believe that recent movements in the securities market have moved down in a stepwise manner. First, I have mentioned. Stock prices have moved down in a stepwise manner. Next half year, and in spite of what is yet a new and marked decline in capital outlays and in spite of the probability that any real upturn in industrial expansion will take place.

Money market movement has been good, but not as good as might be expected. The Reserve has been in a way, the money market anonymous, and its observations can be taken in to avert continued inflation while inflationary pressures are absent at this time. It advises that heavy Federal borrowings necessitate penalizing other borrowings, and in the interest rates and few homes. But, he adds, there should be a freely moving interest rate so that mortgages can be allowed to have the same competitive privilege for credit supply and demand of the terms of investments.

The mortgage market faces a crisis. This statement sounds like a piece from an old and well-worn newspaper. The mortgage market seems to have been a hot topic, much in face of a crisis of one kind or another since the World War II. It has suffered from various conditions from bad to worse. The number of outstanding mortgage loans reached a peak in the late 1960s, but it temporarily broke away from its traditional practice, and it is still a subject of concern.

In this particular year, we have had a double crisis. First, money markets have been troubling because of the insured mortgage loans, and second, the general decline in the interest rate structure. Both of these conditions fixed interest rates on FHA mortgages into an acceptable relationship in the market. Now, after a few months of a recovery of the downward trend in interest rates, we face the prospect of having funds diverted from mortgage investment as rapidly as they were used, or perhaps even faster than last winter.

This is a serious matter for all of us. There is no question about that. But this is not the crisis I want mainly to discuss. First, the possibility of temporary discomfiture for the financing and building industries is something much more serious. This is the possibility that interest rates may, in fear of inflation, lose faith in fixed income obligations, of which mortgage loans are the prime example. And if mortgage loans should really lose favor as an investment medium, private financing of private building also is sunk. There can be no question about that.

Situation Strange

There is a good reason to believe that recent movements in the securities market have moved down in a stepwise manner. First, I have mentioned. Stock prices have moved down in a stepwise manner. Next half year, and in spite of what is yet a new and marked decline in capital outlays and in spite of the probability that any real upturn in industrial expansion will take place.

Money market movement has been good, but not as good as might be expected. The Reserve has been in a way, the money market anonymous, and its observations can be taken in to avert continued inflation while inflationary pressures are absent at this time. It advises that heavy Federal borrowings necessitate penalizing other borrowings, and in the interest rates and few homes. But, he adds, there should be a freely moving interest rate so that mortgages can be allowed to have the same competitive privilege for credit supply and demand of the terms of investments.

The mortgage market faces a crisis. This statement sounds like a piece from an old and well-worn newspaper. The mortgage market seems to have been a hot topic, much in face of a crisis of one kind or another since the World War II. It has suffered from various conditions from bad to worse. The number of outstanding mortgage loans reached a peak in the late 1960s, but it temporarily broke away from its traditional practice, and it is still a subject of concern.

In this particular year, we have had a double crisis. First, money markets have been troubling because of the insured mortgage loans, and second, the general decline in the interest rate structure. Both of these conditions fixed interest rates on FHA mortgages into an acceptable relationship in the market. Now, after a few months of a recovery of the downward trend in interest rates, we face the prospect of having funds diverted from mortgage investment as rapidly as they were used, or perhaps even faster than last winter.

This is a serious matter for all of us. There is no question about that. But this is not the crisis I want mainly to discuss. First, the possibility of temporary discomfiture for the financing and building industries is something much more serious. This is the possibility that interest rates may, in fear of inflation, lose faith in fixed income obligations, of which mortgage loans are the prime example. And if mortgage loans should really lose favor as an investment medium, private financing of private building also is sunk. There can be no question about that.

Situation Strange

There is a good reason to believe that recent movements in the securities market have moved down in a stepwise manner. First, I have mentioned. Stock prices have moved down in a stepwise manner. Next half year, and in spite of what is yet a new and marked decline in capital outlays and in spite of the probability that any real upturn in industrial expansion will take place.

Money market movement has been good, but not as good as might be expected. The Reserve has been in a way, the money market anonymous, and its observations can be taken in to avert continued inflation while inflationary pressures are absent at this time. It advises that heavy Federal borrowings necessitate penalizing other borrowings, and in the interest rates and few homes. But, he adds, there should be a freely moving interest rate so that mortgages can be allowed to have the same competitive privilege for credit supply and demand of the terms of investments.

The mortgage market faces a crisis. This statement sounds like a piece from an old and well-worn newspaper. The mortgage market seems to have been a hot topic, much in face of a crisis of one kind or another since the World War II. It has suffered from various conditions from bad to worse. The number of outstanding mortgage loans reached a peak in the late 1960s, but it temporarily broke away from its traditional practice, and it is still a subject of concern.

In this particular year, we have had a double crisis. First, money markets have been troubling because of the insured mortgage loans, and second, the general decline in the interest rate structure. Both of these conditions fixed interest rates on FHA mortgages into an acceptable relationship in the market. Now, after a few months of a recovery of the downward trend in interest rates, we face the prospect of having funds diverted from mortgage investment as rapidly as they were used, or perhaps even faster than last winter.

This is a serious matter for all of us. There is no question about that. But this is not the crisis I want mainly to discuss. First, the possibility of temporary discomfiture for the financing and building industries is something much more serious. This is the possibility that interest rates may, in fear of inflation, lose faith in fixed income obligations, of which mortgage loans are the prime example. And if mortgage loans should really lose favor as an investment medium, private financing of private building also is sunk. There can be no question about that.

Situation Strange

There is a good reason to believe that recent movements in the securities market have moved down in a stepwise manner. First, I have mentioned. Stock prices have moved down in a stepwise manner. Next half year, and in spite of what is yet a new and marked decline in capital outlays and in spite of the probability that any real upturn in industrial expansion will take place.

Money market movement has been good, but not as good as might be expected. The Reserve has been in a way, the money market anonymous, and its observations can be taken in to avert continued inflation while inflationary pressures are absent at this time. It advises that heavy Federal borrowings necessitate penalizing other borrowings, and in the interest rates and few homes. But, he adds, there should be a freely moving interest rate so that mortgages can be allowed to have the same competitive privilege for credit supply and demand of the terms of investments.

The mortgage market faces a crisis. This statement sounds like a piece from an old and well-worn newspaper. The mortgage market seems to have been a hot topic, much in face of a crisis of one kind or another since the World War II. It has suffered from various conditions from bad to worse. The number of outstanding mortgage loans reached a peak in the late 1960s, but it temporarily broke away from its traditional practice, and it is still a subject of concern.
Requirements and Advice For a Successful Bond Issue

By JOHN M. WHITEBECK
Vice-President, Blake & Co., Inc., New York City

New York bond dealer offers illuminating advice and insight into successful bond selling. In the market for bonds, you must be on your toes. The bond market is volatile, vitally affected by changes of interest rates and the widely fluctuating and disturbed market conditions which have prevailed since midsummer if we are to believe the wave anti-inflation measures ahead of low cost Federal borrowing or Federal Reserve Bank of St. Louis

First let me tell you something about our business and how and why all the others who bid are acting as agents, not brokers.

Brokers act as agents who bring buyer and seller together, but actually buy bonds for our own account. We are merchants who market the products of the seller, in this case, the issuer. We are in business not to make a profit, which is axiomatic that over-priced merchandise.
Liberty and Prosperity

By LUDWIG VON MISES*

The authors of this book have long been interested in the question of whether or not there is an inherent connection between liberty and prosperity. The question is not a new one, but it has gained renewed significance in recent years with the rise of modern capitalism. The authors believe that there is a strong correlation between the two, and they argue that the greatest achievements of humanity have been made possible by the combination of liberty and prosperity. In their view, the key to prosperity is the free market, which allows individuals to pursue their own goals and interests without interference from the state.

The book is divided into two main parts. The first part, "The Concept of Liberty," explores the historical development of the idea of liberty and its role in the development of capitalism. The second part, "The Role of Prosperity," examines the relationship between liberty and prosperity in modern society.

The authors argue that liberty is the foundation of prosperity, and that prosperity is the fruit of liberty. They believe that the free market is the best way to achieve both, and they urge policymakers to embrace the principles of liberty and capitalism in order to promote economic growth and prosperity.

Ludwig von Mises

*"This book is a classic in the field of political economy and is highly recommended for anyone interested in understanding the relationship between liberty and prosperity. The authors provide a clear and concise explanation of the principles of liberty and capitalism, and they offer a compelling case for their implementation in modern society. The book is well-written and easy to read, and it is sure to be a valuable resource for students and policymakers alike."
New Measures of Productivity For Manufacturing Industry

By ALLEN W. RUCKER


Industrial research economist’s study shows we do not achieve “labor-saving” from new capital investment in the conventional meaning of that term but that, fortunately, we achieve “labor-time saving” or higher productivity. What occurs, Dr. Rucker finds, is that upward wage-rate increases are factored to labor-time savings achieved in labor time per unit of product. The management consultant concludes: (1) upward absolute unit labor-cost trend would have been higher without new equipment; (2) interest on capital investments has been paid in labor time per unit of output. Exhibit 2 graphically shows the trend of (a) man-hours of input relative to (b) physical volume of output. By 1956, we had raised output as measured by the FRB Index of Production to Index 144 whereas man-hours of labor rose only to Index 68 or at an annual rate of only 2.3% per year. (b) plant capacity or output potential, (c) net capital investment, productivity, (d) savings or increased tax burdens, (e) higher labor and raw materials costs, (f) higher capital costs.

The Measure of “Labor-Savings” Exhibit 1: "Labor-Savings" Test In a time of sustained wage-rate increases, there are no "labor-savings" unless the labor productivity, measured by the index of labor-savings, is above the average general wage-rise. In the United States and Canada, for example, and not greatly different from what is true in Great Britain and Germany, the average annual rise in wage-rate is slightly over 3% compounded, doubling the wage-rate level about every 14 years. Unless the average company-wide “labor-savings” are in excess of 3%, there will be no net economic benefit from any new equipment.

Another Phase of the Matter: We have often had strenuous objections to making the few facts; there are those who, after the figures in their own businesses, nonetheless argue somewhat as follows: "Does the addition of "labor-savings" even if our management spent the added margin before it could be translated into added profit?"

Does this contention have any merit? It must certainly be considered by the management of individual businesses. As an example, I have prepared another chart showing the American experience. Continued on page 28

Practical businessmen, at least in the United States, are not primarily interested in economic research. They are primarily interested in reducing costs and making profits. Hence, that is often the task for economic research. Economic research becomes a matter of applying economic knowledge to practical business problems. These problems can be divided into those that require additional expenditures in order to solve them and those that do not. The former group is often called "labor-saving." (1) Does new capital investment in equipment to pay for itself from "labor-saving"? (2) How long does it take to recoup the cost? (3) And, if not, what other considerations may nonetheless justify the cost? A review of the literature and the thinking of financial experts and management consultants reveals that the conventional answer here and in most other industrial countries is an emphatic "yes!" But the problem of whether engineers and factory managers can usefully invest this capital is another story.

The capital is represented only 1% of this firm’s two and one-half million dollar yearly payroll. It also developed that the Index of machining hours, the firm uses more labor than it was calling for a 5% general wage increase for all employees, i.e., that increase immediately added $12,500 to the payroll, or about five times the supposed "labor-savings." The net advance in that firm’s annual earnings was then seen to be $100,000. This is a typical experience.

Offers Foot-Proof Labor-Savings Test

In capital intensive manufacturing, the net payroll man-hours per employee were reduced by 4% and the total capital investment was $12,500. For the second quarter of 1956 "labor-savings" was called only 9%. The "labor-savings" here were 2.00%.

Source: Productivity, from U.S. Census and Survey of Manufactures, Index computed.

Productivity Index from Federal Reserve Bank Board.

Pre-Tax Profits are for all Manufacturing Corporations as revised August 1955 by the Census Bureau, Office of Business Economics, U.S. Dept. of Commerce, Index computed.

Depreciation Index computed from data of U.S. Dept. of Commerce.

Note: Productivity figures for 1955 and 1956 are preliminary. Copyright 1955 by The Enwy-Ricker-Nickels Company.

Perspective of Production-Worker Payrolls

Volume of Output with Man-Hours Input

This fact is simply a reflection of the development previously cited: "labor-savings" in the wage-rate increases in the United States exceed the improvement in productivity; more productivity, then, to counter-balance the savings in labor-time. It is well to see this in precise figures by year in individual businesses; hence, I prepared Exhibit 3 to show how this method can be used. The data here are those for American manufacturing taken from the Bureau of Labor Statistics Bulletin No. 179. Column (a) shows the steadily declining index of labor-time, i.e., man-hours per unit of output; column (b) shows the rising index of average hourly wages; column (c) shows the index of labor-cost per unit of product; the index of labor-cost per unit of product.

As this makes plain, there have been no "labor-savings" in the sense that these figures indicate. The unit labor-cost downward trend is contrary. On the contrary, it is upward. What we have is this: the "labor-savings" in the productivity of new investment in new equipment; we have had much higher unit labor costs than we did have. In short, with no improvement or change in productivity per man-hour, unit labor costs rise in direct proportion to hourly wages.

Source: Payrolls of production workers for all manufacturing, only, U.S. Census and Survey of Manufactures, Index computed, Production Volume Index from Federal Reserve Bank Board. Man-Hours of production workers are for all manufacturing, only, U.S. Census and Survey of Manufactures, Index computed. Copyright 1958 by The Enwy-Ricker-Nickels Company.

"Very well, we did not reduce unit costs and we did not reduce the payroll. But you may be sure we reduced the percentage of payroll to our value of output. We added to our manufacturing margin by "labor-savings" even if our management spent the added margin before it could be translated into added profit."

The commercial and financial chronicle... Thursday, October 23, 1958
Public Utility Securities

BY OWEN ELY

Natural Gas Industry Still Expanding Despite Problems

The dynamic natural gas industry has continued its rapid expansion despite a multitude of problems, such as FCC regulation of independent gas producers, difficulty in obtaining adequate rates from the public commissions, and the high cost of financing.

However, the retail segment of the industry is not concerned so much with the above factors. It has been (at least for the past several years of relatively warm weather) by a cold heating season in 1977-78 which greatly stimulated the use of gas for home-heating. Much of the growth in the industry is expected to be in the retail segment, so that share earnings showed substantial (though probably non-recurring) gains in the third quarter. The more forward-looking estimates, based on reports for the 12 months ended June 30, 1988, as compared with the previous 12 months.

The pipeline and integrated gas companies made a highly mixed showing, with 13 showing increases, nine declines and two decreases. Almost all came from the Southwestern Gas Transmission, 32% for Texas Eastern, and 24% for Columbia Gas, to declines of 16% for Southeastern Natural Gas, 12% for Gulf Interstate, and 10% for New Mexico Gas, etc. Obviously the pipeline lines were benefited less by cold weather than the retailers since the amount of gas which they carry is not a winter-dramatic deal. Although these earnings reports of the pipeline lines and integrated gas systems are not always reliable indicators of future earnings, forecasters expect substantial increases for 1988.

There are, however, a number of legitimate worries about the steady raising cost of gas in the field, which in turn reflects the higher cost of wildcating and drilling. Proven gas reserves are still quite ample but it is frequently necessary to drill deeper wells with more expensive rigs, or to go into off-shore waters and swanplains along the Gulf Coast to obtain supplies. Huge new reserves have been found in Canada but the new administration under President Nixon has cut BHP's dependencies. In addition, the pipeline deals are planned—one by Pacific Gas & Electric and another by the midwestern Gas Transmission Company. The Board of Commissioners, appointed by Mr. Diefenbaker to study the problem, is expected to file a favorable report soon, which may release gas as an export. Canals are higher in temperature, while potential reserves are the many proven resources.

Another hurdle for the proposed pipe lines has been to obtain the approval of the FPC. The Tennessee Gas subsidiary, Midwestern Gas Transmission, is expected to obtain a favorable ruling by Nov. 20, 1959, for the Commission, after a long dispute with Peoples Gas and Northern Natural Gas over the issue as to who should supply the big demand in the area in Chicago. Completion of these new pipeline lines might mean that we could obtain well over one billion of gas a day from Canada compared with about 12 billion of new being produced in this country.

This will be good news, therefore, so far as supply is concerned. But the regulatory situation remains thoroughly muddled. Court decisions over the past two years have been contrary to the regulatory methods and cast doubt on well-established principles and policies. The major problem lies in the rather obscure language of the Natural Gas Act passed many years ago. The latest and most important impact was the Tennessee Gas Company decision, which was appealed to the Supreme Court last spring. The high court will, it is hoped, give its ruling before the end of the year.

It has been hoped for the past two years that Congress would pass a bill clarifying some of the issues raised in earlier court decisions. A new bill was vetoed by President Eisenhower because of a hint of scandal in the voting. Thus far politicians have prevented any constructive effort for a new bill. The situation remains unenviable. In general the split in the Congress, the several divisions of the industry—the independent gas producers, the large integrated gas systems, and the public utilities—and the utilities systems and pipe lines (most of which produce, transport and sell oil at wholesale), and the retailers which are the final link with the consumer, have far more positions. At last week's meeting in Atlantic City, retiring President Robert W. Otto called for utilities to re-examine their role in the management of the industry to obtain a legalization. "Any extension of Federal regulatory controls over the prices producers may set for gas at the well-head will," he declared, "certainly limit, if not destroy, the potential of our industry and the opportunity of the public to enjoy the benefits of natural gas."

Despite all its problems the industry is making a strong pitch for the consumer's dollar in the gas-heating field and in the newer air conditioning field. Large amounts are being spent for effective promotion in the appliance field, and after long delays a successful air conditioner, "made by Armstrong-Louisiana Gas after Servel gave up the job, is being marketed in quantity. Once the industry overcomes its regulatory problems, therefore, "full speed ahead" should be the slogan.
"Future Unlimited" For the Gas Industry

By C. S. Stackpole
Managing Director, American Gas Association
New York City

Mr. Stackpole supports his glowing forecast of the gas industry's future with details as to how this burning energy is stored, by new storage facilities, and how gas is delivered to the end user.

Gas refrigerators will be still further improved, under the intensive research efforts of the manufacturers, according to Mr. Stackpole. "There's a new catalytic type in the works today, which will be expensive in style and price as well as in cooking performance.

Gas heating and cooling will be on the market in compact units, he says, for use in residential homes, and in larger units for commercial buildings. These units will be more efficient, and will be able to heat or cool the entire house in a single room.

"Right now, the Federal government is spending a great deal of money on research into new and improved gas appliances, and this research will bear fruit in the near future."

Thawing and heating of frozen foods will be done in a heating box or oven using forced convection, he says. This will be a great help in speeding up the thawing process.

There will be a large increase in the use of gas for heating and cooking, in all parts of the country, he says. "The home will be a more comfortable place to live, and the family will be better fed, thanks to the improvements in gas appliances."
action in area development. It means telling the public, harder problems ever before were that to the wonderful things—and the new things—we can do for them with gas.

We are flattered by the emulation of our top-dog competition—and I repeat—we haven't seen anything yet and neither have they—but they have more left for us to be complacent.

But beyond this intensified use of our established products, motion machinery, it means that every one of us should be a salesperson for gas. Every gas industry employee—and every member of our family—should be a salesperson.

I mean this literally. Proper incentives, encouragement and training can bring every employee into the sales program. From office boy or girl to company president, we can become an army of gas ambassadors—300,000 salesmen for gas! Always remember—no one—but no one—will ever take the interest in the sale of gas and gas utilization equipment that we in the industry must.

Let me close with a paraphrase of a quotation which seems so appropriate here:

"I do know one thing—that the future of our industry is not for little men with little minds. It is not for men without vision who fear progress, it is not for timid men. No, our industry's future is for men who dare to have great expectations; and who with the guidance and courage, of all the people for whom they strive—will also have the courage, the persistence, the wisdom and the patience to transform those expectations into realities."

I am sure that we have great expectations and will continue to transform them into realities for our great gas industry.

**Morgan Stanley Group Offers Australian 5%**

An issue of $25,000,000 Commonwealth of Australia 20-year 5% bonds is being offered for public sale today (Oct. 23) by an underwriting group of 70 investment firms headed by Morgan Stanley & Co. The bonds, due Nov. 1, 1978, are priced at 97¾% and accrued interest, providing a yield of approximately 5.25% to maturity. Principal of and interest on the bonds, which are direct obligations of the Commonwealth, will be payable in United States currency.

The last previous sale of bonds by the Commonwealth was on April 22, 1938, when $23,000,000 of 4% bonds due 1968 were marketed at 99¾%.

For the current issue a sinking fund has been set up providing for semi-annual payments of $640,-000 commencing Nov. 1, 1958 and calculated to retire 100¾% of the issue by maturity. The bonds are not redeemable prior to Nov. 1, 1968, except by operation of the sinking fund. On or after Nov. 1, 1968 they are redeemable at the option of the Commonwealth at 101¾% to and including Nov. 1, 1970 and at decreasing prices thereafter. The sinking fund redemption price is 100¾%.

The proceeds from the sale of the bonds will be applied toward capital works and expenditures under a program proposed by the Commonwealth and State Governments. Among the public works projects financed under this program are: construction of new and expansion of existing major towns, schools, hospitals, roads and facilities.

The Australian Commonwealth, including the island of Tasmania, comprises in area an area of about 2,974,581 square miles—almost equal to the United States (excluding Alaska). While wool pro-

---

**TENNESSEE GAS TRANSMISSION COMPANY**

AMERICA'S LEADING TRANSPORTER OF NATURAL GAS

HOUeSTON, TEXAS
The Market... and You

By WALLACE STREETE

Stocks continued to show an irregular tone more times than not this week, the area around 500 in the industrial average setting a mark of much resistance. The list refused to give ground to any extent, however, even when the pressure was rather general.

The 350 area had been so widely tested the first half of the year, that it was far more a psychological barrier than one based on solid fundamentals. In fact, technical considerations were almost completely lacking and the index has never shown more in history than it has in this area.

The low-priced motors that have had such persistent following were finally clipped a bit hard on occasion. Their earnings had been reduced due to the release of the latest report on short sales, but it was hard to pin it on this since the evidence was indirect. There was sizable covering of short positions in American Motors but, on the other hand, that in Studebaker had held steady where it had the largest number of shares short of any issue. In Studebaker there were also signs of a further diversification announcements as the directors of the company announced a split. These were dashed, however, when the meeting failed to produce anything specific.

New Highs Dominate

Technical indications are mostly favorable. While volume on the up mark for roughly a week and a half without a break, nevertheless it tended to dry up around the three-year peak for a single day's turnover which was set on the second best gain of the year. The issues appearing on a session also tended to expand on strength, and contract on profit-taking. New highs continued to outpace new lows by margins running to the definitely long-side, although there was a contraction of the highs because of the realizing.

The one flaw in the technical considerations was the big volume run up by the low-priced items - Studebaker and regular at the head of the list, daily turnover running well past a quarter million shares. Although Mercury and Hupmobile were also regular near the head of the lists. Except for Studebaker which has soared from below $3 to as much as $16 during this year, the price action in the others hasn't been excessive and even the 1958 range of American Motors from a low of $8 to above $29 could be justified on the excellent reception being given the other's cars.

Senior Motors Restrained

The senior motors were restrained. The rather fat loss rolled up by Ford for the first quarter of the year, while not entirely unexpected, was still a moderating influence. The general feeling from Chrysler is expected to get worse before any improvement becomes apparent.

After a long period when the market students shied away from the motors generally, except some occasional trades in the market in GM, the volatile issue such as Chrysler, the motor outfits were getting some spotty attention towards the end of the first quarter. There is still no definite evidence of how the recent advance should be handled, but there is some shortage being reported by dealers in some areas being shucked off as due to the production cut-back in the GM, which has been rumored as more than one or two. For all the industry, labor troubles have been the best gain of the year in this area.

The uncertainties over whether du Pont will be forced to dump its mammoth holding of 63,000,000 GM shares quickly but the trend seems to be shifting toward some settlement that won't entail immediate action. Even if the issue will be regarded favorably enough in the marketplace to enable it to post a new 1958 high slightly, the fact that it had been a formidable barrier to upswing for some time.

Aircrafts, like the motors, have had little widespread following, although there is some in the averages, but in some of the others in the group. The fact that its commercial jet planes are starting to appear, with the first one to start in regular transatlantic service next week, also heightened interest in Boeing. Its commercial jets won't reach peak production until later this year, but present orders indicate that it will operate at a high rate, and lack of its business until 1961.

A Closed-End Fund

The fund item among the low-priced shares available in listed trading, which has also been a high-volume one recently, is the Monroe Investment company, General Public Service Corp. Despite posting new highs, the stock is selling at a slight premium over net asset value which is somewhat normal for most closed-end companies. As some of its followers point out, however, General Public Service has realized important profits from investments made in the early 1950's and the stock has hit a very small portion so far paid out. It makes it a candidate for good dividend news down the line, like the 550 in the other issue, but while utilities and, especially, the natural gas companies, come into any bull market on an improved basis, the fund is tied to utilities with half of its assets in such issues.

A New Oil Item

Oils, as they have done on several occasions recently, started up again this week at times with not much concrete coming out as from the strength oozed out rather rapidly, due to the better values now available in this section as a result. The mundane item in the petroleum group, in fact, largely unknown, is Champion Oil & Refining. This formerly was an investment trust known as Chicago Corp. whose common was purchased by the firm of Harmining Champion Refining and has yet to round out two full years as an integrated oil operator.

Just as the others, Champion has had rather trying times this year but the improvement in Earnings projections indicate that its dividend will be covered comfortably, putting it into the above-average yield bracket. Continued improvement in the oil business into next year will brighten the picture more than much more.

A measure of how Champion has been neglected might be this year's range which has yet to cover an arc of as much as eight points. Last year, as its first oil as an entity, it carved out a range of nearly double the 1958 one and had a peak well above its recent

In this article we do not necessarily at any time coincide with those of the "Champion." They are presented as those of the author only.

From Washington

At the Democratic National Convention, Senator John L. W. Towers, Jr., has taken the floor several times to give the Senator from New York, who has been delay, a tough and critical but sound job to do, since the Convention was at the time. He had been responsible for both the Democratic and Republican parties' ticket in the presidential contest of 1956.

One bright ray of hope which the Republicans have in all the speculation in New York is that, after the Convention, there will be no more talk of a one man ticket. The Senator from New York, who has been delay, a tough and critical but sound job to do, since the Convention was at the time. He had been responsible for both the Democratic and Republican parties' ticket in the presidential contest of 1956.

The real upset in the coming election may come out in Utah where the Republican, and the Democrat, and the Independent, and the United States Senator, and the Independent, are all running against each other. The fight between the two of them, which was expected to be a very close one, is now very close.

The result is a very close one, the election of Senator Smathers, who has gone along with Senator Hill on the Senate foreign aid program and who under the Senate's decision, is now in his own district in upper New York State.

The real upset in the coming election may come out in Utah, where the Republican, and the Democrat, and the Independent, are all running against each other. The fight between the two of them, which was expected to be a very close one, is now very close.

The result is a very close one, the election of Senator Smathers, who has gone along with Senator Hill on the Senate foreign aid program and who under the Senate's decision, is now in his own district in upper New York State.

The real upset in the coming election may come out in Utah, where the Republican, and the Democrat, are all running against each other. The fight between the two of them, which was expected to be a very close one, is now very close.

The result is a very close one, the election of Senator Smathers, who has gone along with Senator Hill on the Senate foreign aid program and who under the Senate's decision, is now in his own district in upper New York State.

The real upset in the coming election may come out in Utah, where the Republican, and the Democrat, are all running against each other. The fight between the two of them, which was expected to be a very close one, is now very close.

The result is a very close one, the election of Senator Smathers, who has gone along with Senator Hill on the Senate foreign aid program and who under the Senate's decision, is now in his own district in upper New York State.

The real upset in the coming election may come out in Utah, where the Republican, and the Democrat, are all running against each other. The fight between the two of them, which was expected to be a very close one, is now very close.

The result is a very close one, the election of Senator Smathers, who has gone along with Senator Hill on the Senate foreign aid program and who under the Senate's decision, is now in his own district in upper New York State.

The real upset in the coming election may come out in Utah, where the Republican, and the Democrat, are all running against each other. The fight between the two of them, which was expected to be a very close one, is now very close.

The result is a very close one, the election of Senator Smathers, who has gone along with Senator Hill on the Senate foreign aid program and who under the Senate's decision, is now in his own district in upper New York State.

The real upset in the coming election may come out in Utah, where the Republican, and the Democrat, are all running against each other. The fight between the two of them, which was expected to be a very close one, is now very close.

The result is a very close one, the election of Senator Smathers, who has gone along with Senator Hill on the Senate foreign aid program and who under the Senate's decision, is now in his own district in upper New York State.

The real upset in the coming election may come out in Utah, where the Republican, and the Democrat, are all running against each other. The fight between the two of them, which was expected to be a very close one, is now very close.

The result is a very close one, the election of Senator Smathers, who has gone along with Senator Hill on the Senate foreign aid program and who under the Senate's decision, is now in his own district in upper New York State.

The real upset in the coming election may come out in Utah, where the Republican, and the Democrat, are all running against each other. The fight between the two of them, which was expected to be a very close one, is now very close.

The result is a very close one, the election of Senator Smathers, who has gone along with Senator Hill on the Senate foreign aid program and who under the Senate's decision, is now in his own district in upper New York State.

The real upset in the coming election may come out in Utah, where the Republican, and the Democrat, are all running against each other. The fight between the two of them, which was expected to be a very close one, is now very close.

The result is a very close one, the election of Senator Smathers, who has gone along with Senator Hill on the Senate foreign aid program and who under the Senate's decision, is now in his own district in upper New York State.
From Recovery to Boom!

BY MARTIN R. GAINSBURGH
Chief Economist, National Board of Conference Board
New York City

Conference Board’s top economist reports recovery’s vigorousness has virtually reached its pre-recession peak though a core of unemployment persists in industries still operating below capacity. Prof. Gainsburgh’s insight may be needed to keep sufficient slack in labor market and industrial capacity to prevent major breakthrough on wage-cost-price front. Thus, the vitality and longevity of the current recovery will be determined by the answers to the questions found to the mounting price press prices arising from deficit spending and emerging rise in labor costs will determine vitality and longevity of current recovery.

Six months of recovery are now behind us and this economic indicator as at least one for the third quarter offers further evidence of a vigorous recovery that is still gaining momentum and is ample. So rapid has been the rate of recovery that national output for the third quarter just ended has almost equaled its pre-recession peak. The al-

ticipation of a significant recovery in gross national product was reached in the third quarter of 1937 at a level of about $440 billion in current dollars. The preliminary estimate for the first quarter of this year is about $440 billion, with September the strongest month in that quarter. National output in the first three months month by month is $180 billion, with little of that gain repaid in a period of time.

As we enter the fourth quarter of this year, therefore, national economic activities in dollar terms is barely 1%, below what it was in the high watermark and is still rising.

The gas industry, the service industries in general, as well as retailers now find America’s consummation of more money to be spent or save than ever before in the nation’s history. Beginning in February, personal income has risen unbrokenly in every month of this year. In many hundreds of towns and cities, and even in New York have gotten a lot of the durable goods. The rate of recovery thus far may have brought about a belief that a full recovery has been reached over the $10 billion Federal deficit that will be large enough to print up through the year. The recovery and the rate of recovery has now become a greater and more difficult problem to create the slack in the good goods area. It is surprising, therefore, that there is a record height of the labor force unemployed in the labor force and a hard core of continuing unemployment continues to be found in the durable goods industries. These clearly are also industries which have been under with excess capacity.

Throughout virtually all the durable goods, was the rate of recovery in the months ahead expand output substantially before excessive demands would start bringing in the good goods, the price structure, and if that is claimed, touched off our last price rise, the Federal deficit problem, if repeated then (1956-1957) that we were trying to do too much too soon, particularly in the capital goods area. It is surprising, therefore, that there is a record height of the labor force unemployed in the labor force and a hard core of continuing unemployment continues to be found in the durable goods industries. These clearly are also industries which have been under with excess capacity.

Inflation Pressures Where, then, are the pressures arising this time? First, from a source beyond the control of prices, a maintenance of the Federal deficit which will be large enough to print up through the year. The recovery and the rate of recovery has now become a greater and more difficult problem to create the slack in the good goods area. It is surprising, therefore, that there is a record height of the labor force unemployed in the labor force and a hard core of continuing unemployment continues to be found in the durable goods industries. These clearly are also industries which have been under with excess capacity.

There is no inflationary pressure arising this time? First, from a source beyond the control of prices, a maintenance of the Federal deficit which will be large enough to print up through the year. The recovery and the rate of recovery has now become a greater and more difficult problem to create the slack in the good goods area. It is surprising, therefore, that there is a record height of the labor force unemployed in the labor force and a hard core of continuing unemployment continues to be found in the durable goods industries. These clearly are also industries which have been under with excess capacity.

The second and growing cause is expected to be a wage-cost-price push. The recession was caused by a lack of any correction in either the price or wage structure, and a creeping wage of wage increases has already begun to hit the wage front. At this recession, the wage push is growing pronounced, even though the rate of unemployment is high and there is little if any intensive effort is being made to prevent the wage front.

Robert Sulphen Joins Kalb, Voorhis & Co.

Robert Sulphen has joined Kalb, Voorhis & Co. at Philadelphia. Mr. Sulphen will conduct the Kalb, Voorhis Mutual Fund salesmen’s training program and will offer the firm’s varied services to investment dealers firms throughout the Middle West.

Mr. Sulphen has been a mutual fund sales manager at the retail level, a wholesaler of fund shares, and has specialized in sales training techniques.

His recent affiliations were with the Eastern regional of Financial Industrial Fund, where he coordinated dealer relations and conducted sales training courses throughout his region, and was Vice-President in charge of sales for Mutual Fund Distributors, Inc., St. Louis, Missouri where he has his home. St. Louis will be his headquarters in his new capacity with Kalb, Voorhis & Co.

First Investors in Boston

(Special to The Financial Chronicle)

BOSTON, Mass.—First Investors Corporation is engaging in securities business from offices at 33 State Street.

Forms H. Gersten Co.

HONOLULU, Hawaii — Harold Gersten is engaging in a securities business from offices at 836 Kamehameha Street under the firm name of H. Gersten & Co. He has been with Samuel B. Franklin, Jr., & Co., of Los Angeles.

Form Good Inv. Co.

TEXARKANA, Texas — The Good Investment Company has been formed with offices at 916 Main Street to engage in a securities business. Louis Dean Good, President; Dorothy Good, Vice-President, and Dr. L. P. Good, Secretary and Treasurer. Louis Dean Good was formerly with Burt, Burt, Good, & Co. and Roppier, Guerin & Turner, Inc.

Forms Diron Inv. Co.

BELLMORE, N. Y. — Emanuel Friedman is conducting a securities business from offices at 23 Howard Place, under the firm name of Diron Investments Co.

Everette E. Ballard Opens

PARK RIDGE, Ill. — Everette E. Ballard is conducting a securities business from offices at 505 Park Place.

Opinionism is the mood in St. Louis these days, and there’s a reason.

In the past six years over 200 business firms and industries have selected St. Louis for expansion or re-location.

Population is now estimated at two million. And in the past eight years booming St. Louis County has shown a population growth of 54 percent.

The reason behind the St. Louis renaissance? They’re not hard to find. St. Louis is economically diverse. No single industry employs more than six percent of the labor force. The result is a great variety of crafts and skills. An important advantage is St. Louis’ role as a trading and distribution center: it’s easy access to other markets and to abundant supplies of raw materials and resources.

Most important of all is St. Louis’ strategic location—scarcely 75 miles from the population center of the nation. In fact, census projections of population indicate that by 1960 St. Louis will be

AMERICA’S FOCAL POINT

More and more, St. Louis’ location will mean its progress. And to business and industry progress means profits.

When your thoughts turn to plant expansion and re-location, consider the unusual advantages of St. Louis. Consider, too, how its spirit of rebirth and rebuilding can revitalize your future, contribute to your growth.
A Time for Greatness

By GLENN W. CLARK*
President, Independent Natural Gas Association of America
Mississippi River Fuel Corporation, St. Louis, Mo.

Mr. Clark aver no time can be lost in acquainting the mass of the people of America with the virtues of the free enterprise system, solving the specifically urgent problems confronting our industrial structure, and building a new industry - wide cooperative program. Depragizing the natural gas producers and the gas industry, he opines, is the chaotically continuing confusion and frustration that exists - at the same time, must and will be rapid ly... and the "re lentless onslaught of inflation."

Recommend legislative relief that will insure gas producers against utility type regulation and repeal of the 6% rate increase. To do so would be a limitation that discourages obtaining of adequate financing.

My subject, "A Time for Greatness," is an appropriate and challenging subject. In my opinion, time is the specific factor that brings 2 to 3 times more sophisticated step in the system of governmental absorption and action worldwide. As we have witnessed in the absorption of some of the states of local government. All such processes present anew a challenge. And the industry must actively participate in endeavors to preserve initiative and private ownership of property.

There has been a growing emphasis on the need for adequate control and market order over all phases of the American life, business and the public. Vastly unfavorable attitude has grown and the industry has been growing. We find business men in a state of confusion and even vicious attack.

Perhaps at no other time in our nation's history has the fragility and intelligences of integrity of business leadership been so important to the safety and welfare of our entire system of economy being challenged. There is a great need to find a solution. It is easy to find fault and difficult to offer constructive criticism. This is not to be confused as a tirade against, or an indictment of the Federal Energy Administration, a trend that has been growing. We find it necessary to understand the situation and even vicious attack.

Perhaps at no other time in our nation's history has the fragility and intelligences of integrity of business leadership been so important to the safety and welfare of our entire system of economy being challenged. There is a great need to find a solution. It is easy to find fault and difficult to offer constructive criticism. This is not to be confused as a tirade against, or an indictment of the Federal Energy Administration, a trend that has been growing. We find it necessary to understand the situation and even vicious attack.

Perhaps at no other time in our nation's history has the fragility and intelligences of integrity of business leadership been so important to the safety and welfare of our entire system of economy being challenged. There is a great need to find a solution. It is easy to find fault and difficult to offer constructive criticism. This is not to be confused as a tirade against, or an indictment of the Federal Energy Administration, a trend that has been growing. We find it necessary to understand the situation and even vicious attack.

Perhaps at no other time in our nation's history has the fragility and intelligences of integrity of business leadership been so important to the safety and welfare of our entire system of economy being challenged. There is a great need to find a solution. It is easy to find fault and difficult to offer constructive criticism. This is not to be confused as a tirade against, or an indictment of the Federal Energy Administration, a trend that has been growing. We find it necessary to understand the situation and even vicious attack.

Perhaps at no other time in our nation's history has the fragility and intelligences of integrity of business leadership been so important to the safety and welfare of our entire system of economy being challenged. There is a great need to find a solution. It is easy to find fault and difficult to offer constructive criticism. This is not to be confused as a tirade against, or an indictment of the Federal Energy Administration, a trend that has been growing. We find it necessary to understand the situation and even vicious attack.

Perhaps at no other time in our nation's history has the fragility and intelligences of integrity of business leadership been so important to the safety and welfare of our entire system of economy being challenged. There is a great need to find a solution. It is easy to find fault and difficult to offer constructive criticism. This is not to be confused as a tirade against, or an indictment of the Federal Energy Administration, a trend that has been growing. We find it necessary to understand the situation and even vicious attack.

Perhaps at no other time in our nation's history has the fragility and intelligences of integrity of business leadership been so important to the safety and welfare of our entire system of economy being challenged. There is a great need to find a solution. It is easy to find fault and difficult to offer constructive criticism. This is not to be confused as a tirade against, or an indictment of the Federal Energy Administration, a trend that has been growing. We find it necessary to understand the situation and even vicious attack.

Perhaps at no other time in our nation's history has the fragility and intelligences of integrity of business leadership been so important to the safety and welfare of our entire system of economy being challenged. There is a great need to find a solution. It is easy to find fault and difficult to offer constructive criticism. This is not to be confused as a tirade against, or an indictment of the Federal Energy Administration, a trend that has been growing. We find it necessary to understand the situation and even vicious attack.

Perhaps at no other time in our nation's history has the fragility and intelligences of integrity of business leadership been so important to the safety and welfare of our entire system of economy being challenged. There is a great need to find a solution. It is easy to find fault and difficult to offer constructive criticism. This is not to be confused as a tirade against, or an indictment of the Federal Energy Administration, a trend that has been growing. We find it necessary to understand the situation and even vicious attack.

Perhaps at no other time in our nation's history has the fragility and intelligences of integrity of business leadership been so important to the safety and welfare of our entire system of economy being challenged. There is a great need to find a solution. It is easy to find fault and difficult to offer constructive criticism. This is not to be confused as a tirade against, or an indictment of the Federal Energy Administration, a trend that has been growing. We find it necessary to understand the situation and even vicious attack.
No Immediate Sterling Convertibility

By PAUL EINZIG

Though it would not have been "altogether unreasonable to anticipate an immediate resumption of convertibility" this Autumn, Dr. Einzig declares, it is "advisable not to be too great a haste to dash into convertibility." The eminent British commentator states that sterling convertibility should not be entered into by his country and states that its fears about inflation is the primary reason for this restriction view. Suggests overcoming the usual Autumn consternation and planning that usually develops at that time by holding IMF meetings in the Spring.

London, England—Many to the relief of all but the extreme doleologists' section of Sterling convertibility was not nothing new in this statement. The price again exaggerated expectations of rapid developments attached to the financial monetary fund. The international monetary system was of a price. On two of the ten conclusions that cause the £1.2 billion. On almost all previous developments in the market, prices and the price of sterling. It is liable to be as-aggravated as a result of the ability to do some of the things to sterling. The exchange parity or the status of sterling is always subject to seasonal pressure during the latter half of the year. It is liable at least to some extent of the deflationary effect of the unfortunate timing of the annual annual meeting.

Prefers Spring IMF Meetings

Anyhow, if the resources of the International Monetary Fund should be raised by 10% next year, the argument is that there should go some way towards protracting sterling and other currencies against the adverse effects of the ill-timed annual meeting of the International Monetary Fund meeting. From this point of view the fact that beginning of 1949 was announced at that meeting, in the shape of a price which has been paid to be in the form of an accentuation of the gold bullion advances which, every August and September ever since. It is likely that if the authority on international monetary matters has yet stumped to a deflationary effect of the unfortunate timing of the annual meeting.

Securities Salesman's Corner

By JOHN DUTTON

There Is a Time and a Tide

One of the valuable little books that I have enjoyed reading and re-reading many times is "Time" Out For Mental Digestion," written by Robert Rawls and published by the Executive Development Press of Littleton, New Hampshire. This book deals with the reasons why we often fail to convince people, even when our arguments and our peremptiveness appear to be most cogent. A complaint that different people have various races of mental assimilation; some are light digesters and others very slow to understand and come to conclusions. There are highly emotional peoples as well and they too need a special treat. This book explains how to use "Time" as an important psychological aid in influencing people. By using one of the techniques advocated in this excellent little book, the writer was able to open a valuable account.

The case history follows as an illustration of methodology in sales work using "Time" to advantage.

First—Understand Your Prospect

In order to properly understand the problem involved in this sale there were two brothers who had become valuable friendship related and there was an interdependence of information and confidence, as well as a steadily flow of business. The account was quite the amount of the wanted and slowly increased until month to month. Both of these were more than the resources of the company and they were always open to suggestions and proposals with an open mind.

There was, however, a third brother who was in contact with the other two. However, it was apparent that he was not a friendly client and that he had made up his own mind. Where it was usual for the two brothers to act simultaneously in purchasing securities, brother number three went his own way.

After almost a year had transpired it became obvious if that brother number three were to become an account that he was going to buy when he was ready and he would buy what he liked. Although a friendly relationship was the reason this was the case, the brother number three would be open—he was doing business with several other firms and he seemed to be pleased with the service and the securities he was buying. Regarding the status of this account, it was very worthwhile cultivating since from the standpoint of investment capacity, it, too, was very substantial.

There Is a Time for Everything

I quote from Chapter 10 of Mr. Rawls little book: "We hear much about the importance of "time" a new idea or plan. There are times when people have an appetite for change and times when they do not. When they lack appetite, they are likely to resist swallowing an idea or plan and it has little chance of being digested. This may be a matter of mood or it may be the result of business and there is no certainty if or uncertainty. Most successful salesmen know this—"

Just the other morning I once again picked up the telephone and dialed a number. It was shortly after his breakfast hour and, quite to my surprise, without much discussion or persuasion he agreed to place an order for a substantial block of a very high grade bank stock which I had once before offered him at a slightly lower price. Then after he gave me the order and his delivery instructions, he said: "You just hit me at the right time. I am looking for some more growth stocks like this. If you have anything you think I can use let me know." Why did brother number three place this order after turning him down for over a year?

There is a time for everything. I once spoke with a very successful life insurance man who had been on the top of his company’s leaders LIST FOR MANY YEARS AND HE SAID: "I TRY TO BE THERE AT THE RIGHT TIME WITH THE RIGHT POLICY THAT IS ABOUT ALL THERE IS TO IT.

Don’t give up—some people dig mentally more slowly than others. Be patient, considerate, helpful, and don’t overshoot or overtake. Have goods securities to offer and keep trying. Sooner or later your number comes up. Now that brother number three is in the fold, from here on it is going to be much easier to do more business with him, providing we can find out what he wants when he wants it. Because he "buys"—no body "sells" him.

William Schur Opens

William Schur is engaging in a securities business for ourselves at 553 Fifth Avenue, New York City.

American Natural Gas Company

A NEW JERSEY CORPORATION

AMERICAN NATURAL GAS COMPANY

MICHIGAN CONSOLIDATED GAS COMPANY • MILWAUKEE GAS LIGHT COMPANY

MICHIGAN WISCONSIN PIPE LINE COMPANY • AMERICAN LOUISIANA PIPE LINE COMPANY

AMERICAN NATURAL GAS PRODUCTION COMPANY

AN INTEGRATED NATURAL GAS TRANSMISSION AND DISTRIBUTION SYSTEM WITH MORE THAN HALF A CENTURY OF SUCCESSFUL OPERATION—SERVING MORE THAN A MILLION CUSTOMERS—CONTINUING ITS EXPANSION PROGRAM

William Schur is engaging in a securities business for ourselves at 553 Fifth Avenue, New York City.
The Threat of Government Operations—Our Common Problem

aid them the continued furnishing of Federal funds at below-cost interest rates to Federal tax-exempt and, almost complete absence of regulations. These conditions erode the economic foundation of taxpayers' money, make the power companies unprofitable and render good and adequate service at reasonable rates impossible. They are, in fact, the result in socializing the American power industry.

By controlling the power industry in the language or the apparent interests of individual communities, the large utilities supporting the unfair competition which has developed from the REA co-op movement are perpetuating the same.

Furthermore, the REA co-op movement is being used by those who are determined to substitute a centralized power system in this country. Clyde Ellis, general manager of the Rochester (New York) Electric Cooperative Association made the statement recently that "the power companies of the United States are a part of the nation, a part of its resources, and that is calling for legislation that will set them free to act in the public interest and permit the co-ops to expand without limit. Where would the power companies be now? Even the low-cost 2% Federal loans made possible the extension of public power. Hence, the electric companies whose customers must bear the cost may eventually be denied the ability of electric companies to get to power to the public. The difficulty is that it is a complicated story. On the one hand, there is a demand for "something for nothing" from the public. On the other hand, there is a demand for something more than it can rightfully expect. There is a big, fine in the middle.

According to the preference clause, the preference clause encourages other groups to set up tax-exempt organizations in order to "benefit" from the preference clause at the expense of the public.

The electric companies represent just one of many Industrial threatened with unfair competition from government enterprises. The defense of the public interest requires the preference clause be applied to all, including proper financial responsibility.

Consider the competitive advantage of low-cost rates by this ability to retain earnings and make a profit on the electric utility tax. J. E. Colette, now an executive of a tax-exempt corporation in a speech that "while their corporate enterprises are playing safe," power companies are using their money to build hospital facilities, modern machinery and equipment, and for other purposes.

The railroad companies and the banks are in the hands of those who seek the nationalization of the electric industry. It is also true that the railroad companies, like the banks, are not the owners of these provisions. This is yet another example of an Act of Congress which has been diverted and perverted from its original apparent meaning to serve the self-interest of a powerful industry and would ultimately socialize the entire system.

Abuse of the Preference Clause

The preference clause was first used in the Reclamation Act of 1902 to give preference in the sale of electric power to the manufacturing industries. This was not generally available to all consumers, but preferred status was given to manufacturers who were not permitted to use power in manufacturing projects. Since power was not given the same priority to these manufacturing enterprises, it was given to preference in the sale of electric power and the power companies were not able to compete on the basis of the need or quality of the public interest. The public interest has not been given over the preference in the sale of electric power projects. Beginning with the TVA Act in 1933, the meaning of the preference clause was changed. Under this act, power was not given for certain uses of electric power, but rather, preference was given to certain power projects by the Federal government bodies and cooperation.

The distinction between the two preference clauses is that the earlier one was not based on the basis of the use to which power was put, or any other established preference in the basis of the use of the power. The later preference clause is clearly discriminatory.

The operative power in the government bodies and cooperation, which are exempt from Federal income taxes and which are financed at a cost of money below the market rate of interest, can determine, to an extent, the terms and conditions on which power is a consumer? The power the utility companies do not pay. They are sold below a cost fair to the preference customers.

The preference clause allows power companies who purchase their power from other utilities to be discriminated against by what is really a form of cross-subsidization. The preference clause companies are denied an equal opportunity to serve the public at a fair cost to the consumer.

In conclusion, the preference clause encourages other groups to set up tax-exempt organizations in order to "benefit" from the preference clause at the expense of the public.

The electric companies represent just one of many Industrial threatened with unfair competition from government enterprises. The defense of the public interest requires the preference clause be applied to all, including proper financial responsibility.

Consider the competitive advantage power companies gain by their ability to retain earnings and make a profit on the electric utility tax. J. E. Colette, now an executive of a tax-exempt corporation in a speech that "while their corporate enterprises are playing safe," power companies are using their money to build hospital facilities, modern machinery and equipment, and for other purposes.

The railroad companies and the banks are in the hands of those who seek the nationalization of the electric industry. It is also true that the railroad companies, like the banks, are not the owners of these provisions. This is yet another example of an Act of Congress which has been diverted and perverted from its original apparent meaning to serve the self-interest of a powerful industry and would ultimately socialize the entire system.

The railroad companies and the banks are in the hands of those who seek the nationalization of the electric industry. It is also true that the railroad companies, like the banks, are not the owners of these provisions. This is yet another example of an Act of Congress which has been diverted and perverted from its original apparent meaning to serve the self-interest of a powerful industry and would ultimately socialize the entire system.

The railroad companies and the banks are in the hands of those who seek the nationalization of the electric industry. It is also true that the railroad companies, like the banks, are not the owners of these provisions. This is yet another example of an Act of Congress which has been diverted and perverted from its original apparent meaning to serve the self-interest of a powerful industry and would ultimately socialize the entire system.

The railroad companies and the banks are in the hands of those who seek the nationalization of the electric industry. It is also true that the railroad companies, like the banks, are not the owners of these provisions. This is yet another example of an Act of Congress which has been diverted and perverted from its original apparent meaning to serve the self-interest of a powerful industry and would ultimately socialize the entire system.

The railroad companies and the banks are in the hands of those who seek the nationalization of the electric industry. It is also true that the railroad companies, like the banks, are not the owners of these provisions. This is yet another example of an Act of Congress which has been diverted and perverted from its original apparent meaning to serve the self-interest of a powerful industry and would ultimately socialize the entire system.
The Task of the Bank and the Fund
And the United States Position

By HON. ROBERT E. ANDERSON
Secretary of the Treasury

Sec. Anderson stresses pursuit of non-monetary inflationary policies in economic development. He also conveys Pres. Eisenhower’s message approving proposal to enlarge IMF-IBRD resources and prescribing three principal elements underlying the economic basis for the Bank’s and the Fund’s policies. A study of the increase in the resources of the Bank and the Fund. President Eisenhower has also expressed to the Prime Minister of India for the warm welcome which is to the Boards of Governors. We have come to this meeting with a keen awareness of the profoundly important role which the Asian members of the two institutions are playing in the Free World. In a vivid sense their needs and their efforts to organize the task of the Bank and the Fund. It is the concern of the United States government around this table to find ways of contributing more effectively to the economic development of the well-being of all people. As members of this government, we have experienced the conviction that free countries gain much by friendship and effective cooperation in a common attack on the financial and economic problems which confront them.

Non-Inflationary Monetary Policies

We also wish to express our appreciation of the good faith and understanding which the Chairman of the Boards of Governors, who has focused our attention on some of the basic problems confronting our countries as we seek to develop their economies and expand their trade. We agree with him that sound internal finance is an essential condition to sound international economy and policy. This emphasis is appropriate, and we should be prepared to work with non-inflationary monetary policies that the greatest benefits can be realized.

In the United States Government, as major finde the increasingly effective ways in which the Fund and the Bank have been giving constructive aid. By improving the capacity of both institutions to serve all nations, throughout the Free World, the member countries can greatly increase their effectiveness in solving the problems of economic development and financial and economic stability. It was to this end that the President of the United States and I recently exchanged letters in August expressing the results of our international action which might fruitfully be taken and the institutions which President Eisenhower gave to me, I have introduced resolutions of the Senate. President Eisenhower has agreed to set up time at the special session of the Board for a study of the increase in the resources of the Bank and the Fund. President Eisenhower has also expressed to the Prime Minister of India for the warm welcome which is to the Boards of Governors. We have come to this meeting with a keen awareness of the profoundly important role which the Asian members of the two institutions are playing in the Free World. In a vivid sense their needs and their efforts to organize the task of the Bank and the Fund. It is the concern of the United States government around this table to find ways of contributing more effectively to the economic development of the well-being of all people. As members of this government, we have experienced the conviction that free countries gain much by friendship and effective cooperation in a common attack on the financial and economic problems which confront them.

Non-Inflationary Monetary Policies

We also wish to express our appreciation of the good faith and understanding which the Chairman of the Boards of Governors, who has focused our attention on some of the basic problems confronting our countries as we seek to develop their economies and expand their trade. We agree with him that sound internal finance is an essential condition to sound international economy and policy. This emphasis is appropriate, and we should be prepared to work with non-inflationary monetary policies that the greatest benefits can be realized.

In the United States Government, as major finde the increasingly effective ways in which the Fund and the Bank have been giving constructive aid. By improving the capacity of both institutions to serve all nations, throughout the Free World, the member countries can greatly increase their effectiveness in solving the problems of economic development and financial and economic stability. It was to this end that the President of the United States and I recently exchanged letters in August expressing the results of our international action which might fruitfully be taken and the institutions which President Eisenhower gave to me, I have introduced resolutions of the Senate. President Eisenhower has agreed to set up time at the special session of the Board for a study of the increase in the resources of the Bank and the Fund. President Eisenhower has also expressed to the Prime Minister of India for the warm welcome which is to the Boards of Governors. We have come to this meeting with a keen awareness of the profoundly important role which the Asian members of the two institutions are playing in the Free World. In a vivid sense their needs and their efforts to organize the task of the Bank and the Fund. It is the concern of the United States government around this table to find ways of contributing more effectively to the economic development of the well-being of all people. As members of this government, we have experienced the conviction that free countries gain much by friendship and effective cooperation in a common attack on the financial and economic problems which confront them.

Non-Inflationary Monetary Policies

We also wish to express our appreciation of the good faith and understanding which the Chairman of the Boards of Governors, who has focused our attention on some of the basic problems confronting our countries as we seek to develop their economies and expand their trade. We agree with him that sound internal finance is an essential condition to sound international economy and policy. This emphasis is appropriate, and we should be prepared to work with non-inflationary monetary policies that the greatest benefits can be realized.

In the United States Government, as major finde the increasingly effective ways in which the Fund and the Bank have been giving constructive aid. By improving the capacity of both institutions to serve all nations, throughout the Free World, the member countries can greatly increase their effectiveness in solving the problems of economic development and financial and economic stability. It was to this end that the President of the United States and I recently exchanged letters in August expressing the results of our international action which might fruitfully be taken and the institutions which President Eisenhower gave to me, I have introduced resolutions of the Senate. President Eisenhower has agreed to set up time at the special session of the Board for a study of the increase in the resources of the Bank and the Fund. President Eisenhower has also expressed to the Prime Minister of India for the warm welcome which is to the Boards of Governors. We have come to this meeting with a keen awareness of the profoundly important role which the Asian members of the two institutions are playing in the Free World. In a vivid sense their needs and their efforts to organize the task of the Bank and the Fund. It is the concern of the United States government around this table to find ways of contributing more effectively to the economic development of the well-being of all people. As members of this government, we have experienced the conviction that free countries gain much by friendship and effective cooperation in a common attack on the financial and economic problems which confront them.

Non-Inflationary Monetary Policies

We also wish to express our appreciation of the good faith and understanding which the Chairman of the Boards of Governors, who has focused our attention on some of the basic problems confronting our countries as we seek to develop their economies and expand their trade. We agree with him that sound internal finance is an essential condition to sound international economy and policy. This emphasis is appropriate, and we should be prepared to work with non-inflationary monetary policies that the greatest benefits can be realized.

In the United States Government, as major finde the increasingly effective ways in which the Fund and the Bank have been giving constructive aid. By improving the capacity of both institutions to serve all nations, throughout the Free World, the member countries can greatly increase their effectiveness in solving the problems of economic development and financial and economic stability. It was to this end that the President of the United States and I recently exchanged letters in August expressing the results of our international action which might fruitfully be taken and the institutions which President Eisenhower gave to me, I have introduced resolutions of the Senate. President Eisenhower has agreed to set up time at the special session of the Board for a study of the increase in the resources of the Bank and the Fund. President Eisenhower has also expressed to the Prime Minister of India for the warm welcome which is to the Boards of Governors. We have come to this meeting with a keen awareness of the profoundly important role which the Asian members of the two institutions are playing in the Free World. In a vivid sense their needs and their efforts to organize the task of the Bank and the Fund. It is the concern of the United States government around this table to find ways of contributing more effectively to the economic development of the well-being of all people. As members of this government, we have experienced the conviction that free countries gain much by friendship and effective cooperation in a common attack on the financial and economic problems which confront them.
As We See It

Economic Advisors, last week told an audience at Arden House that a growing number of people in this country had become convinced, or were becoming convinced, that inflation in the years to come was inevitable. The audience he addressed was not concerning itself particularly about the stock market today, and Professor Burns was not led to say what he did merely by what he may think is undue exuberance in Wall Street. Nonetheless, it seems to us that what he had to say has a very important bearing upon the country’s current economic health. The fact is that the stock market in a figurative sense is saying and has for some time past been saying very much what the Professor now says.

Let us assume that what the Professor is troubled about is not so much inflation in the nearby future as over the longer stretch of time. We suspect that somewhat the same trend of thought is finding expression in the stock market today, and has been for some time past. It would appear that the higher prices and the higher dollar earnings that would normally accompany inflation, if not next year then the next or the next, are what leads so many to regard the current very high stock prices, measured by the conventional standards, as appearing low enough to be a bargain. And the really disheartening aspect of this state of affairs is the fact that there is so much ground for such bearing upon our such ultimate outcome as both the market and Professor Burns describe.

Begun With New Era

It all began before the New Deal was born, even before the collapse of 1929. There were a good many among us, some in positions of influence and power, who thought during the New Era that they had discovered make believe prosperity. They had a good deal to say about it. Judged by what is commonplace today, President Hoover, after the depression had set in, was quite moderate in his ideas of how to end the troubles of the times. As matters of fact, much of his thought was at bottom closely akin to the New Dealers. Indeed, there were no notions of money tending which had had a considerable vogue in the late Twenties. But when Franklin Roosevelt went to Washington, almost everyone of the professional cranks and tinkerers, these underlying fallacy into their own. They are still in good standing even among many of the so-called conservative groups in government.

Some of the Remedies

Professor Burns who so clearly sees the dangers ahead has some of the remedies; but not all of them. Indeed, he has some points to be espousing the very real danger that such an inflation is a threat. And he fears. He seems to us to be quite unrealistic when he suggests that stable consumer prices be made one of the objectives of the employment act—as if the precise terms of such a law really made any difference. He is not hamstrung by a depression or even by a recession controlled the behavior of officials. It is, of course, quite right in being firm. But the overall control of government worry, he seems to be a sort of a thing and bears as gently as any stinking dove when referring to the abuses of union labor monopoly. His Interest in setting up an additional machinery to provide for an effective control of the economy leaves one with the impression that it is furthered by the uttered of the learned gentlemen

— that he is a firm believer in governmental manipulation of economic controls.

The situation now existing in the stock market, what ever may be thought of it in other respects, must, then, give us ground for concern for the future of the market is, of course, realistic. If, as many suspect, it has reached conclusions about the likelihood, no to say inevitable, of some future crisis, then Professor Burns, the fact is certainly not hearthinging for the market, whether or not always a perfect prophet, is a place where some of the shrewdest of us do business.

The Fundamental Problems

Confronting the Gas Industry

off, I want to make it clear I don’t see how to give any any of these problems in this paper. I have at least a hint at the end of the present remarks. The remarks are very a way by which the Damned may constructively approach the areas of difficulty. It’s a way we in the gas industry have followed before with great success.

Now, and before getting into the body of my discussion, I think it should be well to consider the present situation in perspective—to take a brief look back at some of the conceptual structures we have made in the past 25 years and what might be some the present problems as these have developed step-by-step with our

In the past quarter century, the new metaphor for the gas industry has been essentially the growth in production, transmission and distribution. In the past five years there were only five million cubic feet of gas. Now there are 38 million. The growing tendency collar with the completion of the pipeline from Texas to Chicago which will cut off the economy of bringing natural gas producers has increased very nearly any distance from producing fields. Natural gas became the preferred fuel in cities all over the country, reducing equivalent manufactured gas in many places. The result is a development of the gas industry as we know it today.

An early consequence of this development was a major change in the interaction of public utilities and producers. No longer was natural gas a luxury in the geographical market and worth something like five cents a thousand cubic feet. It became the preferred fuel in cities all over the country, steadily increasing demand by providing natural gas supplies for distant markets. The producers suddenly found that he was—and had been, for some time—what the economist calls a "monopoly," and that he had begun to recognize the difference between what he was doing and what made up his product. He has, until now, been selling it as a product, but more and more expecially, as a commodity. In 1941-41 something like 540 billion cubic feet of new gas was injected into the natural gas industry. This is about one million feet of exploratory supply per day. And when you add the one million feet of exploratory supplies, which were added to the nation’s gas supplies, in the form of new supplies from the pipe lines, you have, in fact, produced a billion cubic feet. And now what we have, more and more, is a commodity rather than a product. And in the face of this, the producers have been able to make it. The result is that there is a development of the gas industry as we know it today.

Early attempts to control the growth of natural gas production were not effective. It was not until the early 1920’s that efforts were made to control the growth of the gas industry through legislation. However, the efforts of the producers in the 1920’s to control the growth of the gas industry were not successful. The growth of the gas industry continued unabated. It was not until the early 1930’s that efforts were made to control the growth of the gas industry through legislation. However, the efforts of the producers in the 1920’s to control the growth of the gas industry were not successful. The growth of the gas industry continued unabated. It was not until the early 1930’s that efforts were made to control the growth of the gas industry through legislation. However, the efforts of the producers in the 1920’s to control the growth of the gas industry were not successful. The growth of the gas industry continued unabated. It was not until the early 1930’s that efforts were made to control the growth of the gas industry through legislation. However, the efforts of the producers in the 1920’s to control the growth of the gas industry were not successful. The growth of the gas industry continued unabated.
Right to Wreck

“We are engaged in a movement now, of which I can assure you, perhaps, there is not another in the annals of the world that is more thorough, of which one can have a more complete confidence in the results, and of which the general sentiment in the country is more favorable.”

- Ex-President Harry S. Truman

-listed for FRASER
url/fraser.stlouisfed.org/
Lockheed Management answers your questions about:

Lockheed's Nuclear Work

1. How many nuclear programs are active at Lockheed?
More than you perhaps realize: research leading to development of the atomic airplane... design of nuclear reactors for industry and colleges... test facilities for government agencies and private firms... basic research on nuclear energy for space travel... uses of radioisotopes for industry, medicine, and agriculture. Lockheed is deeply involved in these and more in its laboratories and factories in California and Georgia.

2. What is the extent of Lockheed's nuclear facilities?
This fall our Georgia Division's Lockheed Nuclear Products Branch began operating for the Air Force the $14 million atomic research center on a 10,000-acre Blue Ridge Mountain tract in Georgia. This is America's only facility of its kind for testing large components, systems, and quantities of material.

We shall use it primarily for testing radiation effects in developing Air Force nuclear-powered aircraft. But it also will be available to other government agencies and private industry. Lockheed's Nuclear Products Branch will conduct studies in application of radioisotopes to design devices to preserve and protect food, build research and test of new reactors, and devise the electronic equipment of the future for use in a radioactive environment.

Application of atomic energy to space travel is one of the lines of deep research that Lockheed's Missile System Division is conducting at its Palo Alto and Sunnyvale laboratories. New understanding of nuclear energy, its effects and uses, is coming out of basic research on the behavior of nuclear particles, particularly under magnetic influence—and from advanced experiments conducted with one of the nation's newest type 3,000,000 volt Van de Graaff positive-ion accelerators.

3. How long has Lockheed been active in nuclear work?
Some eight years ago Lockheed began secret work under an Air Force contract on problems basic to designing a nuclear powered aircraft. From this work have come specific design proposals for high and low altitude bombers, long range transports, shielding devices, and other aviation applications. For the past three years Lockheed has been one of two U.S. companies carrying on nuclear aircraft development work for the Air Force.

4. What will be the military mission of Lockheed's atomic powered airplane?
Lockheed's nuclear aircraft will be able to fly thousands of miles farther than present-day planes without refueling. Their almost limitless endurance will make them valuable for such military missions as: 1) long range retaliatory bombing to destroy an aggressor's prime home targets without use of overseas bases, 2) reconnaissance 24 hours a day over any area of the world, and 3) controlled flight of men and material over vast distances in quantities never before possible to fight local wars or prevent conflicts—without depending upon fuel supply depots in combat zones.
5. What is the future for commercial atomic planes?

Experience gained in designing and flying nuclear military planes will pave the way for atomic cargo transports—and, hopefully, achieve an important low cost-per-ton-mile breakthrough for airfreight. Ultimately, after certain major problems are solved, long-range nuclear powered passenger transports probably will come. In these luxurious luxury airliners of the future, travelers could fly from any city in the world to any other city, non-stop, with routine ease.

6. What is Lockheed's future in nuclear energy?

Unlimited. Lockheed's experience and outstanding facilities for nuclear research and development already have made it a leader in this important field. One most promising prospect is the development of thermal or boiling water reactors for producing industrial process heat. This is of great interest to the world's pulp and paper manufacturers and to other users of large amounts of heat—chemical processes, petroleum refining, textiles, plastics, salt water conversion, etc. Food and water irradiation offers big opportunities.

Lockheed is confident that a sizable share of its revenues in nuclear energy will come from areas of the world where there is a shortage of fossil fuels—coal and oil and gas—particularly in countries where nuclear power and heat could open remote, uncivilized areas rich in minerals, timber, and other resources. In the years ahead the market for nuclear energy should develop on a broad scale, with benefits to fuel-short nations that will enrich their economy and provide jobs, better pay, and higher health standards for millions of people.

LOCKHEED means leadership

One of a series of messages addressed to the financial community of America.

Inboard profile of a possible nuclear bomber. This design of 4-engine aircraft calls for close proximity of engines to reactor—and mounting of engines, one above the other, in pairs on opposite sides of the fuselage.

your loan is carried we shall try to draw our check to you on a New York correspondent of your choice. The New York Bank can pay your local loan immediately and save you one or more days' delay. In the past we have been able to do this but we need more time to make the arrangements and issue proper instructions.

Before closing I must cover one more point which is vital in importance. So far as I know there has not been a school district bond—that is, a bond—issued in recent years. However, I have heard of a few cases—very few—of delayed interest. These delays were apparently caused by inadequate knowledge of structures rather than lack of funds. Failure to pay debt service for whatever cause hurts the credit of the official and it is not quickly forgotten. Therefore I urge all of you to set up some system which will insure prompt payment of all debt service from the outset. Such a system may be thought-as little as one person should be thoroughly informed as to dates and amounts and that some tickener system be devised so that the proper persons will be alerted at proper times.

It seems also to the point to arrange with your paying bank to advise you when debenture payments are due—before the pay ment date. An actual default or even a delayed payment will hurt your ratings with your bondholders. You must not be permitted to occur. Let it never be said of you or your associates or taxpayers that you permitted a default to occur.
The Chase Manhattan Bank, New York, has announced plans to launch a credit card shopping service. The Chase Manhattan is among the first banks in the metropolitan area, and among a growing number of banks in New York City, to offer such a card.

The bank said its Charge Plan will be operational by Dec. 1, and that retailers in all five boroughs have expressed eagerness to participate.

Beginning Oct. 17 representatives from Chase Manhattan, New York City offices enrolled local merchants and trademasters.

The bank said that its regular checking account customers initially will be offered an opportunity to enroll in the Plan, but that individual credit card account holders will be considered for enrollment after the initial period.

Here's the way The Chase Manhattan Bank Charge Plan works:

1. Cardholders will receive charge cards to consumer-members for making purchases from retailer-participants.

2. Retailers receive immediate credit for each purchase by debiting the customer's charge account, with payments being made to Chase by charge account holders.

3. Cardholders are billed only once a month for purchases made at any time during the billing period, which is a calendar month.

At a special meeting of the Board of Directors of The Chase Manhattan Company, New York, held Oct. 15, T. J. Warren was appointed a director.

Also announced was Mr. Warren's designation as Senior Vice-President of The First National City Bank of New York effective Nov. 1.

The appointment of John Auello, George R. Bennett, Jr., President, and Harry C. Wagner, Jr., as Assistant Secretaries of Manufacturers Trust Co., New York, was announced yesterday by Grace C. Flanagan, Chairman of the Board.

Mr. Auello and Mr. Bennett joined the bank in 1944 and are administrative members of the Executive Department at 44 Wall Street.

Mr. Cardinal is the Branch Manager of the bank's Jamaica Office. He joined the bank in 1925.

Mr. Wagner joined the bank in 1934 and is assigned to the International Banking Department at 35 Broad Street.

George F. Taylor, for more than 27 years a member of the Bond Department of The Chase Manhattan Company, New York, died Oct. 16. He was 62.

Mr. Taylor joined Bankers Trust Company in 1900 in the Bank's Philadelphia office. In this capacity he developed and managed the Philadelphia office for 20 years before he returned to the Bond Department in 1926, where he was named Assistant Vice-President in 1947.

BROWN BROTHERS, BRENNER & CO., 181 First Ave., New York City, announce that Paul A. Gorman was elected a member of the board of directors of the Fidelity Union Trust Company, Newark, N. J., Roy F. Duke, the bank's president, announced.
Railroad Securities

Chicago Great Western

Net income of Chicago Great Western has held up well this year despite a drop in gross revenues. For the first eight months net amounted to $2,203,000, down roughly 18 per cent from the $2,520,712 reported in the like 1957 months. Gross revenues dropped $1,959,000, from $13,511,213 to $11,552,213, during this period.

Maintenance work was continued at a high level, showing a drop of only $411,000 or 2 per cent under a year ago. The funds were used for better roads and in the improvement of new roadways and extensive yard modifications. It is interesting to note the high rate of operating efficiency displayed despite the heavy expenditures in revenues transportation ratio for the period of 51.0 per cent compared with 51.6 per cent in the 1957 period.

Revenues in recent years have continued to increase at the same levels of those of a year ago. As a consequence, net income over the eight months has increased by 1 per cent in the period expanded to 10 per cent. It now is estimated that gross income will be equal to $62 million a common share before funds and 900,000 in annual taxes on the tax refund. This would bring the eight months net to $62 million a share reported for the full year.

Prospects are for further expansion in revenues and net income next year. With freight revenues likely to grow and a high degree of operating efficiency, the Great Western offers a good investment even for the next year.
The Security I Like Best

of Douglas fir plywood, hardboard plywood, Savannah paneling (a new finished hardwood paneling of random width available in red, white, and walnut), a low-cost, grain-tempered decorative wall paneling material, and a thin, embossed, and molded plastic-faced plywood. According to the most attractive and durable woods, is manufactured at company mills in all major timber-producing areas, Georgia-Pacific is producing Cali¬
ifornia’s largest and its most productive company. According to an initial annual rate of about 12% of the United States’ total timber output, the company is one of the nation’s largest producers.

About 35% of 1957 sales volume was accounted for by plywood products, 85% by lumber other than redwood, 10% by hardboard, and 10% by other products. The fore¬

FEDERAL RESERVE BANK OF ST. LOUIS

throughout the year, new Federal income tax laws regarding capital gains on the disposal of property, such as lumber or plywood producer pur¬

At the time the lumber is har¬

vised the trend behind the price and market price is taxed at the capital gains rate of 25% on the sale price of lumber used as a raw material in the company’s operations, and at the harvest operation, which is tax¬

These results are not surpris¬

The basic growth pattern for¬

The United States’ major timber stands are being removed at the rate of about 10 billion cubic feet per year, a figure that probably will remain constant throughout the 1960’s. Although the harvest rate has varied considerably from year to year, the long-term trend has been toward a steady increase. If the harvest rate is maintained at the current level, the supply of timber will be adequate to meet the demand for the foreseeable future.

Continued from page 2

New Measures of Productivity
For Manufacturing Industry

Continued from page 12

of course, less; but the impact of the stock market is still very important. The price of common stocks seemed to be quite firm, despite the drop in prices at the end of the year. However, the market for preferred stocks was quite weak, with prices declining throughout the year. The yield on preferred stocks was quite low, and the dividend yield was also quite low. The yield on common stocks was higher, but the dividend yield was quite low compared to the yield on preferred stocks.

One of the reasons for the weak performance of the stock market was the declining earnings of companies. Many companies reported lower earnings for the year, which had the effect of reducing the price of their stocks. In addition, the interest rate on government bonds was quite high, which made it less attractive for investors to buy stocks. The high interest rate also made it easier for companies to borrow money, which reduced the need for investors to buy stocks.

Another reason for the weak performance of the stock market was the overall economic situation. The economy was in a recession, which reduced the demand for new investments. In addition, the government was raising taxes, which made it less attractive for investors to invest in stocks. The government also increased the money supply, which reduced the value of the dollar and made it more difficult for companies to sell their products.

Despite these problems, the stock market did return some modest gains. The Dow Jones Industrial Average increased by about 3%, and the Standard & Poor’s 500 Index increased by about 5%. These gains were due to the low interest rate environment and the expectation of a recovery in the economy.

The overall performance of the stock market was quite mixed, with some gains for some companies and losses for others. However, the market as a whole did return some modest gains. This was a good result, given the overall economic situation.
In the column we are shown the effect of different wage-payment systems, which has been largely determined by the rate of increase in hourly wages and its effect on the relationship between labor costs and prices. The table below shows that the rise in hourly wages has been a significant factor in determining the rate of increase in labor costs. The table also shows that the rate of increase in labor costs has been influenced by the rate of increase in prices, which has been influenced by the rate of increase in wages. The table also shows that the rate of increase in labor costs has been influenced by the rate of increase in prices, which has been influenced by the rate of increase in wages.

### Exhibit 2

<table>
<thead>
<tr>
<th>Year</th>
<th>Unit Labor Costs</th>
<th>Prices</th>
<th>Unit Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947-49</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>1950</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>1951</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Sources:**
- Col. (a) R.B.S. Prices are the same as in the table below.
- Col. (b) Unit Labor Costs are the same as in the table above.
- Col. (c) Unit Costs are the same as in the table above.

**Notes:**
- All Manufacturing Prices are calculated by the Bureau of Labor Statistics.
- Unit Labor Costs are calculated by the Bureau of Labor Statistics.
- Unit Costs are calculated by the Bureau of Labor Statistics.

---

**The effects of competitive pricing:**

Two of the effects of this "law of competition" do much to provide basic reasons for the continued expansion of capital investment.

One of the ultimate effects of the law of competition is the increase in the buying power of wages and thereby to raise the per capita standard of living of the population. Indeed, without expanding the buying power of our people, we would have no means of assuring any substantial increase of goods, or any economic means of meeting the increased demand of people for more of "the good things of life."

The fact of that, despite increasing populations, the private, competitive enterprise has not been able to raise the per capita supply of goods, through the mechanism of the market, is probably its crowning achievement.

But there is another and intensely practical business aspect that bears directly on your earnings from added capital investment, and that is the increased prosperity of private enterprise. Let us emphasize that.

This same process brings its rewards to owners and management by increasing the total market demand and the marketable physical output of industry. It also expands the total "management margin" after paying labor costs and thus enlarges the profit-making potential of manufacturing enterprises. This may be seen readily in Exhibit 7.

In column (a) are the total amounts of Production Value for all U. S. Manufacturing as reported by the U. S. Census and Survey of Manufactures. Column (b) are the total amounts of hourly worker wages from the same source. The difference between the Production Value and Wages is "Management Margin," as shown in column (c). You will see in column (d) that this rose from 1947-1948, as a base of 100, to an index of 116.4 in 1956.

The expanding total of "management margin" shown here is an end-result of new capital investment that affects labor-cost savings per unit, and hence makes possible a steady decline in prices relative to wages. In turn that fact assures faster purchasing power and thereby the enhanced volume of marketable output and of "management margin." Management and owners have their reward for making new capital investment; it simply comes about in a different way from that.

---

**Continued on page 30**
New Measures of Productivity

For Manufacturing Industry

popularity believed in management circles.

Limits to Capital Investment

What are the limits to new capital investment in manufacturing? The research which we have done thus far provides a useful, if empirical, rule of guidance: the average rate of new investment cannot greatly exceed the average rate of increase in productivity; that is, the annual change in productivity must be at least as large as the annual change in added capital investment.

From the standpoint of 
"trading profits from excessive depreciable-cum-corporate-operating surpluses, we find that the best performance is achieved by those firms who keep the trend of capital investment in relation to output, and of labor. It can be extended, and we often do extend it, to the productive output of new functions, including that of executive management. This approach may be applied to executive incentives as well as to incentives to other productive workers.

It is central importance lies, I believe, in that it substitutes economic strategy for the economic product of capital. I shall nudge a little need to add that this was accompanied by a declining trend of productivity — capital investment was promoted at a rate in excess of the economic opportunities of the business as a whole.

This philosophy, however, may add of course, the ratio of Productivity Value output to net income, showing how much of the capital which is designed into net profit. This ratio shows a rise when: (a) capital investment is not over-done, leading to excessive depreciation costs; or (b) the fixed capital-cash or depreciation is generating a proportionate increase in income over the Production Value original index in the first place.

If it is, then proper control of the added Productivity Value will ensure higher net earnings from the capital invested. If it is not, then the resultings ratio is almost certain to stand still or to decline. The cause will not be properly identified.

Our method serves to show management that the only effective way to increase net economic productivity of added capital investment is adequate to justify it in the first place. The fact disclosed is not obscured by the capital gains and losses or by the added Productivity Value. This is the method of the "capital gains and losses ratio". The lower the spending and cost of the business as a whole.

This philosophy, however, may add of course, the ratio of Productivity Value output to net income, showing how much of the capital which is designed into net profit. This ratio shows a rise when: (a) capital investment is not over-done, leading to excessive depreciation costs; or (b) the fixed capital-cash or depreciation is generating a proportionate increase in income over the Production Value original index in the first place.

Conclusion

In this paper I have endeavored to raise a question of practical economic research. As I think you will readily appreciate, the approach described is one that can be applied, and which we have long applied, to individual firms.

This approach will be new to certain companies that have been living with the realizations that the new measures of economic productivity of capital are a new measure of progress.

How does it work? It is clearly that any business that is planning to introduce a new measure of economic productivity of capital is a new measure of progress.

How does it work? It is clearly that any business that is planning to introduce a new measure of economic productivity of capital is a new measure of progress.

How does it work? It is clearly that any business that is planning to introduce a new measure of economic productivity of capital is a new measure of progress.

How does it work? It is clearly that any business that is planning to introduce a new measure of economic productivity of capital is a new measure of progress.
The Outlook for 1959

however, for at least two or possibly three years. This prediction is based in part on the fact that we have no peak-post demands such as were characteristic of the years of 1927 and 1928 and merely following the business readjustments of 1949 and 1954. 

Sears Downdraft Next Spring 

The low point in the Dow Jones Industrials, for example, this year was witnessed in April at 126. By August this measure of the economy was 142, and the current reading is 149. It is probable that we will see a further rise to 150 or 152 by late April and 142 before the current rebound runs its course. By next spring, however, the present trend of business will again be downward and whether we will merely get back to around the levels of last fall or go further to say the 120 level, will depend largely on the willingness of the Administration to place emphasis on checking inflation rather than on maintaining full employment; and also, of course, on developments outside of it. 

I realize that this forecast of mine is materially different than are the predictions of the economists who write for these publications. A year ago, in the summer of 1957, when I advised that the Dow Jones Industrials would be only 12% to 15% in the FRB Index of Industrial Production would be below the early levels. Professor Sumner Schlicter, "Forb. News," and more widely the publicized economic groups, were talking about new highs in activity, and not to be so far away. In all parts of the world, it is only a matter of time before they, too, realize that the 10% readjustments witnessed in 1949 and in 1954, will limit my self to only a few of the reasons for believing that business activity is not so far away. However, many of them might start much much further before turning downward. 

Provides Eight Reasonable 

(1) In the first place, we now have no peak-post demands of any consequence. The trend, however, is to develop an upward spiral in activity after the business readjustments in production witnessed in 1949 and in 1954. In short, instead of having a substantially high level of employment and output, we have an extremely high level of consumer demand and are looking for a return to normal conditions. 

(2) Secondly, I doubt very much whether the government will permit many of its extreme efforts to bolster activity in the building industry during 1959, as it did at the beginning of this bicentennial important election year. Housing starts during the first quarter of 1959 are expected to decline by at least 10% from this year's level even if money rates remain at their current levels. It was for awhile some six or nine months ago that the present impressive peak in the building business had already been reached and that many population centers are beginning to be crowded. This is so by private reports from builders in various parts of the country next spring, vacancies will probably exceed those of any year earlier by at least 25%, or even more. I believe this development alone justifies the early conclusion of construction being on the decrease by as much as 15% to 20% from this year's levels. 

(3) The available evidence does not seem to indicate the prospect of any substantial rise in expenditures for capital goods during the coming year. On the basis of certain statistics, we now see that our business is operating at a capacity that is higher in relation to price levels than it was at any time since early 1937. Even assuming that spending for capital goods is a major factor in the current annual level of $30 to $31 billion, the amount here written off as" more probable.

Not Complacent About Stock Market 

The low point in the stock market, following the Dow Jones Industrials, the first half of 1959 in this field will almost certainly be at least 5% below current levels. The corresponding period last spring, when prices declined rapidly, was a period of relatively lower market activity, plus the fact that market analysts pointed out the first half 1964 orders are running at 50% below year ago levels. The stock market is still at least one third of the 1956 high, and we must expect to tend to confirm this conclusion. 

(4) There are signs that government spending will taper off shortly after the election. This is in contrast with a rush of money on the part of the Administration to disburse funds to various projects under way and take similar steps in other fields. We can see the magnitude of the effort in the output of essential military goods, but we cannot see it in spending quite substantially. 

(5) I cannot help but feel that new trends in this country might be negative rather than a positive one. Our military demand is now well supplied with our machinery and tools, and in view of the present strength and potential forces, the 15% to 20% rise in all parts of the world, it is only a matter of time before they, too, realize that the 10% readjustments witnessed in 1949 and in 1954, will limit my self to only a few of the reasons for believing that business activity is not so far away. However, many of them might start much much further before turning downward. 

Provides Eight Reasonable 

(1) In the first place, we now have no peak-post demands of any consequence. The trend, however, is to develop an upward spiral in activity after the business readjustments in production witnessed in 1949 and in 1954. In short, instead of having a substantially high level of employment and output, we have an extremely high level of consumer demand and are looking for a return to normal conditions. 

(2) Secondly, I doubt very much whether the government will permit many of its extreme efforts to bolster activity in the building industry during 1959, as it did at the beginning of this bicentennial important election year. Housing starts during the first quarter of 1959 are expected to decline by at least 10% from this year's level even if money rates remain at their current levels. It was for awhile some six or nine months ago that the present impressive peak in the building business had already been reached and that many population centers are beginning to be crowded. This is so by private reports from builders in various parts of the country next spring, vacancies will probably exceed those of any year earlier by at least 25%, or even more. I believe this development alone justifies the early conclusion of construction being on the decrease by as much as 15% to 20% from this year's levels. 

(3) The available evidence does not seem to indicate the prospect of any substantial rise in expenditures for capital goods during the coming year. On the basis of certain statistics, we now see that our business is operating at a capacity that is higher in relation to price levels than it was at any time since early 1937. Even assuming that spending for capital goods is a major factor in the current annual level of $30 to $31 billion, the amount here written off as" more probable.

Not Complacent About Stock Market 

The low point in the stock market, following the Dow Jones Industrials, the first half of 1959 in this field will almost certainly be at least 5% below current levels. The corresponding period last spring, when prices declined rapidly, was a period of relatively lower market activity, plus the fact that market analysts pointed out the first half 1964 orders are running at 50% below year ago levels. The stock market is still at least one third of the 1956 high, and we must expect to tend to confirm this conclusion. 

(4) There are signs that government spending will taper off shortly after the election. This is in contrast with a rush of money on the part of the Administration to disburse funds to various projects under way and take similar steps in other fields. We can see the magnitude of the effort in the output of essential military goods, but we cannot see it in spending quite substantially. 

(5) I cannot help but feel that new trends in this country might be negative rather than a positive one. Our military demand is now well supplied with our machinery and tools, and in view of the present strength and potential forces, the 15% to 20% rise in all parts of the world, it is only a matter of time before they, too, realize that the 10% readjustments witnessed in 1949 and in 1954, will limit my self to only a few of the reasons for believing that business activity is not so far away. However, many of them might start much much further before turning downward. 

Provides Eight Reasonable 

(1) In the first place, we now have no peak-post demands of any consequence. The trend, however, is to develop an upward spiral in activity after the business readjustments in production witnessed in 1949 and in 1954. In short, instead of having a substantially high level of employment and output, we have an extremely high level of consumer demand and are looking for a return to normal conditions. 

(2) Secondly, I doubt very much whether the government will permit many of its extreme efforts to bolster activity in the building industry during 1959, as it did at the beginning of this bicentennial important election year. Housing starts during the first quarter of 1959 are expected to decline by at least 10% from this year's level even if money rates remain at their current levels. It was for awhile some six or nine months ago that the present impressive peak in the building business had already been reached and that many population centers are beginning to be crowded. This is so by private reports from builders in various parts of the country next spring, vacancies will probably exceed those of any year earlier by at least 25%, or even more. I believe this development alone justifies the early conclusion of construction being on the decrease by as much as 15% to 20% from this year's levels. 

(3) The available evidence does not seem to indicate the prospect of any substantial rise in expenditures for capital goods during the coming year. On the basis of certain statistics, we now see that our business is operating at a capacity that is higher in relation to price levels than it was at any time since early 1937. Even assuming that spending for capital goods is a major factor in the current annual level of $30 to $31 billion, the amount here written off as" more probable.
Continued from page 7

**Treasury Financing Problems And Preservation of the Dollar**

---

**Appeals to Savings Institutions**

Impressive as this record is, I think it is as much more of a challenge than a story of success. Some one investor held approximately $10 billion of the total, and in the light of the improved liquid market, this brings with it the problem that in the next year or two, the Treasury will have to find somewhere else to put the money.

Considering this question, we can start off from the fact that there are many individuals whom they serve have a tremendous stake in preventing increases in mortgage rates. Although the forecasters of the future weather with, which we must be concerned; the lack of the private placement distribution of the public debt.

As you are all well aware, a large part of the Treasury's management in addition to the carrying through of the large and emergency financing is the opportunity to equity and profit. We are using, and the Federal debt as large as ours is now, the influence of the Treasury's management penetrates into every area of the economy.

We recognize that conducting our operations in the atmosphere of a free money market some- what difficult. But we do not think that the Treasury will have any real opposition and in fact we are in the position and on our success in conducting a sound debt management program.

You will recall the pressure which developed last spring for a sound debt management program, the threat to the present fiscal position and therefore to our currency would have been serious if the Administration and Congress would have failed to pass the necessary legislation. We think it is clear that the prevention was not revenue to the downturn. Tax reform and government finance reforms are still active. But I have hope that the Treasury can in future administer a better government deficit that is considered to be the problem. Growth.

The point of view of a sound fiscal program it is extremely important, of course, that it be so conducted as to fit with the economic condition in which it is to be implemented. As a matter of record, total and certainly proportionate expenditures are the amount granted by the Congress during the recent session—only $10 billion of the $215 billion spent in 1968 is less expenditures. On the other hand, the Treasury Reserve and the Treasury have performed a delicate balancing act to maintain the level of the purchasing power of our currency. We are aware of the problem of our financing program—both refunding and new issues. The very important importance of doing as large a part of our financing as possible out of the commercial banking system. Lodging an increased portion of our finances in the banking system increases the commercial money supply, and eventually the purchasing power of the public.

When money supply increases through the commercial banks, this will affect the size of a budget on this country's capacity to exert the effect of the depreciating addition to our public debt which it requires. This Administration was not only able to save the substantial sum of having a genuine and long-term program, but that it will create pressure on the Treasury to exercise the necessary restraint.

We know that the life insurance companies have a stake in the Treasury’s fiscal goals. It is reassuring to know that the insurance companies have done such a fine job through their recent educational campaign for Federal savings. We believe that the American people we serve will be sustained and prolonged.

We also believe, as do those of us in the Treasury, that we can turn to their Eco- nomic Development banks for a time for advice and council. The funds are not as large as they were, but they have been extremely worthwhile as we face these common problems to- day.

**Turns to Debt Management Problem**

I should like to turn now from a consideration of our revenue and expenditure problem to the third area of Government finance which we must be concerned; the lack of the private placement distribution of the public debt.

As you are all well aware, a large part of the Treasury's management in addition to the carrying through of the large and emergency financing is the opportunity to equity and profit. We are using, and the Federal debt as large as ours is now, the influence of the Treasury's management penetrates into every area of the economy.

We recognize that conducting our operations in the atmosphere of a free money market some- what difficult. But we do not think that the Treasury will have any real opposition and in fact we are in the position and on our success in conducting a sound debt management program.

You will recall the pressure which developed last spring for a sound debt management program, the threat to the present fiscal position and therefore to our currency would have been serious if the Administration and Congress would have failed to pass the necessary legislation. We think it is clear that the prevention was not revenue to the downturn. Tax reform and government finance reforms are still active. But I have hope that the Treasury can in future administer a better government deficit that is considered to be the problem. Growth.

The point of view of a sound fiscal program it is extremely important, of course, that it be so conducted as to fit with the economic condition in which it is to be implemented. As a matter of record, total and certainly proportionate expenditures are the amount granted by the Congress during the recent session—only $10 billion of the $215 billion spent in 1968 is less expenditures. On the other hand, the Treasury Reserve and the Treasury have performed a delicate balancing act to maintain the level of the purchasing power of our currency. We are aware of the problem of our financing program—both refunding and new issues. The very important importance of doing as large a part of our financing as possible out of the commercial banking system. Lodging an increased portion of our finances in the banking system increases the commercial money supply, and eventually the purchasing power of the public.

When money supply increases through the commercial banks, this will affect the size of a budget on this country's capacity to exert the effect of the depreciating addition to our public debt which it requires. This Administration was not only able to save the substantial sum of having a genuine and long-term program, but that it will create pressure on the Treasury to exercise the necessary restraint.

We know that the life insurance companies have a stake in the Treasury’s fiscal goals. It is reassuring to know that the insurance companies have done such a fine job through their recent educational campaign for Federal savings. We believe that the American people we serve will be sustained and prolonged.

We also believe, as do those of us in the Treasury, that we can turn to their Eco- nomic Development banks for a time for advice and council. The funds are not as large as they were, but they have been extremely worthwhile as we face these common problems to- day.
Inflation is inevitable—it is not something which we must accept, but which we must fight against as part of our way of life. It is man-made and it can be controlled if we have the will to do it. The Federal Reserve System has the job to find out how best to control it without resorting to methods that will undermine individual initiative and freedom of choice. In accepting the responsibility of promoting maximum employment, production, and purchasing power, the Government also has the responsibility of maintaining the value of the dollar as an essential ingredient of a stable economy.

I am sure that we shall be able to consider the means of doing away with this danger if, in the spirit of our problems and your assistance in solving them,

Continued from page 9

The Spectre of Inflation
In And Mortgage Market Crisis

agencies of government is, so far, pretty much along in this fight. I don’t believe for one minute that the next Congress is going to have to be considering legislation about the continued expansion of welfare programs. And I doubt that many of the leaders of Congress would ever talk of the need for economy, the Administration will take a really vigorous stand against increased expenditures. This may properly raise the question of whether, under these circum-

stance, the Federal Reserve System will have to pay attention to the problem of inflation.

How to Win the Fight
It can be won. But, at the same time, I think that the possibilities of an eventual victory can be increased if we do not spend a great deal on our own attitudes and our own actions as businessmen. First of all, we must not allow to grow in the country any false idea that inflation is inevitable. It won’t be inevitable unless we are in the habit of thinking and action make it so.

So far as the current situation is concerned, we must recognize that there is no immediate inflationary pressure in the business situation. We are just starting on the road of recovery. We have no present need for credit. We have, and we still have a lamentably large surplus of available labor, which is being depleted in the United States for a number of months ahead. We have no real need for increased capacity, and we are not likely to need it soon, to experience demands for funds for industrial expansion such as we had in 1896 and 1937. During this period we have got at least the prospect for continued price stability at least well into next year.

These are not inflationary conditions, and there is no reason to believe that they will develop in the future. But this does not mean that we can afford to be complacent, or that we can afford to let the country lose sight of the problem that the country faces. We can afford to let the country lose sight of the problem that the country faces. We don’t have to let the country lose sight of the problem that the country faces.

When we do not have to let the country lose sight of the problem that the country faces.

Price to Pay
What is the price we have to pay if we recognize that we need to face the problem of inflation? We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation.

Price to Pay
What is the price we have to pay if we recognize that we need to face the problem of inflation? We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation.

Price to Pay
What is the price we have to pay if we recognize that we need to face the problem of inflation? We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation. We have to pay attention to the problem of inflation.
Liberty and Prosperity

Liberty and Prosperity. It is difﬁcult to explain the diﬀerence in the economic systems of the United States and the British. In their system of capitalism, the individual is the focal point of economic activity. In the United States, the individual is free to choose his own path, to pursue his own interests, and to be responsible for the consequences of his actions. In Britain, the individual is subject to a more guided economic system, with the government playing a greater role in determining the course of economic activity. However, both systems strive for economic welfare and prosperity. In the United States, this is achieved through a free market system, with the government playing a limited role in regulating economic activity. In Britain, the government plays a more active role in regulating the economy, with policies aimed at promoting economic welfare and prosperity. Nevertheless, both systems have contributed to economic progress and prosperity in their respective countries.

Liberty and Prosperity. It is diﬃcult to explain the diﬀerence in the economic systems of the United States and the British. In their system of capitalism, the individual is the focal point of economic activity. In the United States, the individual is free to choose his own path, to pursue his own interests, and to be responsible for the consequences of his actions. In Britain, the individual is subject to a more guided economic system, with the government playing a greater role in determining the course of economic activity. However, both systems strive for economic welfare and prosperity. In the United States, this is achieved through a free market system, with the government playing a limited role in regulating economic activity. In Britain, the government plays a more active role in regulating the economy, with policies aimed at promoting economic welfare and prosperity. Nevertheless, both systems have contributed to economic progress and prosperity in their respective countries.

Liberty and Prosperity. It is diﬃcult to explain the diﬀerence in the economic systems of the United States and the British. In their system of capitalism, the individual is the focal point of economic activity. In the United States, the individual is free to choose his own path, to pursue his own interests, and to be responsible for the consequences of his actions. In Britain, the individual is subject to a more guided economic system, with the government playing a greater role in determining the course of economic activity. However, both systems strive for economic welfare and prosperity. In the United States, this is achieved through a free market system, with the government playing a limited role in regulating economic activity. In Britain, the government plays a more active role in regulating the economy, with policies aimed at promoting economic welfare and prosperity. Nevertheless, both systems have contributed to economic progress and prosperity in their respective countries.

Liberty and Prosperity. It is diﬃcult to explain the diﬀerence in the economic systems of the United States and the British. In their system of capitalism, the individual is the focal point of economic activity. In the United States, the individual is free to choose his own path, to pursue his own interests, and to be responsible for the consequences of his actions. In Britain, the individual is subject to a more guided economic system, with the government playing a greater role in determining the course of economic activity. However, both systems strive for economic welfare and prosperity. In the United States, this is achieved through a free market system, with the government playing a limited role in regulating economic activity. In Britain, the government plays a more active role in regulating the economy, with policies aimed at promoting economic welfare and prosperity. Nevertheless, both systems have contributed to economic progress and prosperity in their respective countries.

Liberty and Prosperity. It is diﬃcult to explain the diﬀerence in the economic systems of the United States and the British. In their system of capitalism, the individual is the focal point of economic activity. In the United States, the individual is free to choose his own path, to pursue his own interests, and to be responsible for the consequences of his actions. In Britain, the individual is subject to a more guided economic system, with the government playing a greater role in determining the course of economic activity. However, both systems strive for economic welfare and prosperity. In the United States, this is achieved through a free market system, with the government playing a limited role in regulating economic activity. In Britain, the government plays a more active role in regulating the economy, with policies aimed at promoting economic welfare and prosperity. Nevertheless, both systems have contributed to economic progress and prosperity in their respective countries.
Financing Economics Today

For the Gas Industry

Vol. 188 
No. 3786 
The Commercial and Financial Chronicle

Financing Economics Today

For the Gas Industry

more does depend on pleasing the consumers, the more
large, as a result of this. Economists agree that
Capitalize

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not

Capitalize on the business is not
Financing Economics Today
For the Gas Industry

ket becomes more important than it has been for many a year, and the frequent need for capital, should obtain from the public, it is necessary that you should give much more careful consideration to the ramifications and the avoidance of conflicts with the sporadic, hugo offerings of a few companies. It is necessary that you telephone us. Incidentally, if any time you are unexpectedly in the incurrence of any long-term issues of Government bonds, will it be necessary to obtain your shares. Moreover, funds at a relatively reasonable cost, provided, of course, the politicians do not monkey too much with the laws of supply and demand. It is fortunate for your industry that the pipelines have been allowed by the F.P.C. in the raising the trend and, therefore, necessary for their construction. Some of you will recall that in 1933 the Public Service Act of 1933 included a provision placing the examination of natural gas companies under F.P.C. Jurisdiction, copying into effect the Natural Gas Act of 1916.

Now that the pipeline industry is being considered, there is no clear, guard, for the F.P.C., not satisfied with the satisfactory conditions in the issuance of certificates, wishes to acquire direct jurisdiction over the pipelines. Though unsuccessful every since the 1882, the last ask Congress for the power to approve or disapprove the security issuance of interest in the industry.

Money-Saving Financial Freedom

I am convinced anybody authority and demand for any reason, that this freedom from Federal control has resulted in the creation of a company which is more of an extensive scale and on more of a sound basis than any which would have otherwise been possible. From the onset, management has to make the least relatively unfettered choice of your company, and I believe to the prevailing market. As a result, the company is the industry has been able to meet requirements of the most sophisticated bebbers than the bond industry, was in tailor-making its issues, (B.P. pipeline industry) has sold more for bonds in recent years to the big life insurance companies than have been new issues.

An important by-product of this freedom has been the money-saving flexibility in the addition between private placements, new issues, and competitive bidding, and in the timing of such sales.

Let me give you an example. The Panhandle Eastern Pipe Line Company, many, not the natural gas industry's downward trend in the bond market, the instance of the Panama Canal, Lynch, Pierce, Fenner & Smith to place privately-what is a good group of companies, and you with $50,000,000 of $1008.00. The Panhandle problem. The resulting interest cost of approximately 5%, and the competitive, the company increased the issue to $40,000,000, the declining prices of other applications, and the additional bonds on the same terms, the Panhandle and the National Fuel Gas Company, whose bonds have a higher rating than the Panhandle, was preparing, under the regulations of the S.E.C., for the sale at competitive bidding of $25,000,000 of 5% bonds. For the company, the bidding took place at the same time. For the Panhandle, such a sale, unlike Panhandle, has not been able to meet the S.E.C. requirements. The company, in this respect, met a high interest cost, reduced of the issue to $10,000,000, its interest cost was 4.85%, and the F.P.C. might claim that it did not have jurisdiction over the booming business.

As a matter of fact, the company would have been more responsive to the economic facts of life than has been the case with the S.E.C. I suggest that anything, such would not be true.

As a matter of fact, the company has made ridiculously few exceptions to its rule that all electric bond, economic conditions notwithstanding, under this legislation. The company, at the time filing of the example of the electric companies, because you do not deal in gas generating plants to show this. You can only a fine story to tell, and you should be proud of the fact.

In investment circles, great enthusiasm is being expressed with such expenditures in other industries. The companies involved for making this statement, that natural gas companies have not seen a large sum to the analyst. Rightly or wrongly, be it realized that is not spending adequate time and money in analyzing the rising prices, or in testing, or, as usual, is this young, is disturbed about the excesses of the generation or two when the revenues of gas utility companies are declining. Consequently, it is difficult to see the companies for the small customers that the potentialities of natural gas and the competitive value of the dollar. As a consequence, the most important factor for a common stockholder is a steady upward trend in earnings per share.

Higher Earnings for Gas Net Electric

Your per-share earnings trend has been far better than most people realize. This is proven by the only fact that the Panhandle, and in connection with this discussion, the electric companies have been impressed with the development of earnings growth of your industry.

In fact, your companies which I follow closely, it was a surprise to me to learn that the average net income, a group of companies representing a good cross section of the industry, for the year ending December 31, 1954, was average out-performed the electric companies, operating in the same geographical areas, in general increase, in per share earnings and in market prices, and in a fairly selected group of distribution companies, the average earnings per share was $2.30 in 1941, $2.70 in the study were 12 of the larger gas distribution companies, 8 pipe line companies were in one comparison, and 12 in the other.

In the 10-year period from 1947 through 1957, the gas distribution companies, in general, have increased their earnings per share from $1.20 to $2.90. All in all, if not more than all of this trend is probably accounted for by the increase in the natural gas industry. I do not agree with this attitude because it is based on the earnings per share and depreciation charges are establishing large hidden asset reserves in the form of the senior securities still on the earnings, sooner or later. One of my pleasures is that the income protection afforded the investor by the long-term pur chase of electric company bonds and preferred stocks sell on a lower yield basis than the investment in gas companies in doing so, these transmission and distributing companies in the gas field have generally high earnings and the utilities. There would be substantial savings for you companies if you would.come a little bit more closely with the senior securities of your company and it will mean a feeling of the general investment of the public in the stock. I have found it more than the restored benefits, you have been carried on a more intensive institutional educational program.

Selling Bonds On Lower Yield Basis

As most of you are aware, many companies have been in the habit of investor and stockholder relations and this is reducing they are undergoing this new cost of capital. It is our opinion that this is not the case with the F.P.C. The cost of doing so is increasing very much. We have been interested in the study of your company and I believe it is an interesting study. For instance, the fact that if it is used for the capital necessary to acquire energy, and the F.P.C. the company will meet the demands of the competition, the capital, because it is a situation in which which there is a live and let live attitude. All of your companies which have been sold at a regular price and the F.P.C. that the utilities of their consumers has been greatly better, in some cases, in the number of such States.

In concluding, let me express the hope that this year will be different but for that of the consumer that long before this time next year's gas trend is established. I have seen that this would have been removed.

With Donald C. Sloan

With Walston & Co.

With Reynolds & Co.

With San Jose Investment

Join Liberty Investment

Two With Russell Inv

With George M. Baker
The following statistical tabulations cover production and other figures for the latest month or weekly average. 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:

<table>
<thead>
<tr>
<th>Month/Year</th>
<th>Latest Week</th>
<th>Previous Week</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total gas sales (M therms)</td>
<td>4,293,000</td>
<td>4,093,300</td>
<td>5,049,000</td>
<td>4,900,000</td>
</tr>
<tr>
<td>Total gas sales (M therms)</td>
<td>4,200,000</td>
<td>4,000,000</td>
<td>5,000,000</td>
<td>4,900,000</td>
</tr>
<tr>
<td>Natural gas sales (M therms)</td>
<td>5,180</td>
<td>5,060</td>
<td>11,790</td>
<td>11,790</td>
</tr>
<tr>
<td>Natural gas sales (M therms)</td>
<td>5,160</td>
<td>5,040</td>
<td>11,760</td>
<td>11,760</td>
</tr>
<tr>
<td>Natural gas sales (M therms)</td>
<td>5,140</td>
<td>5,020</td>
<td>11,750</td>
<td>11,750</td>
</tr>
<tr>
<td>Natural gas sales (M therms)</td>
<td>5,120</td>
<td>5,000</td>
<td>11,740</td>
<td>11,740</td>
</tr>
<tr>
<td>Natural gas sales (M therms)</td>
<td>5,100</td>
<td>5,000</td>
<td>11,750</td>
<td>11,750</td>
</tr>
<tr>
<td>Natural gas sales (M therms)</td>
<td>5,080</td>
<td>5,000</td>
<td>11,760</td>
<td>11,760</td>
</tr>
<tr>
<td>Natural gas sales (M therms)</td>
<td>5,060</td>
<td>5,000</td>
<td>11,770</td>
<td>11,770</td>
</tr>
</tbody>
</table>

### Commodity Price Index

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Base Date</th>
<th>1910-100</th>
<th>1920-100</th>
<th>1930-100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>105.2</td>
<td>104.3</td>
<td>103.4</td>
<td></td>
</tr>
<tr>
<td>Wheat</td>
<td>105.2</td>
<td>104.3</td>
<td>103.4</td>
<td></td>
</tr>
<tr>
<td>Corn</td>
<td>105.2</td>
<td>104.3</td>
<td>103.4</td>
<td></td>
</tr>
<tr>
<td>Tobacco</td>
<td>105.2</td>
<td>104.3</td>
<td>103.4</td>
<td></td>
</tr>
<tr>
<td>Tobacco</td>
<td>105.2</td>
<td>104.3</td>
<td>103.4</td>
<td></td>
</tr>
<tr>
<td>Tobacco</td>
<td>105.2</td>
<td>104.3</td>
<td>103.4</td>
<td></td>
</tr>
<tr>
<td>Tobacco</td>
<td>105.2</td>
<td>104.3</td>
<td>103.4</td>
<td></td>
</tr>
</tbody>
</table>

### Total Sales

<table>
<thead>
<tr>
<th>Month/Year</th>
<th>Latest Week</th>
<th>Previous Week</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales</td>
<td>16,090,000</td>
<td>15,900,000</td>
<td>17,000,000</td>
<td>16,000,000</td>
</tr>
<tr>
<td>Total sales</td>
<td>16,080,000</td>
<td>15,900,000</td>
<td>17,000,000</td>
<td>16,000,000</td>
</tr>
<tr>
<td>Total sales</td>
<td>16,070,000</td>
<td>15,900,000</td>
<td>17,000,000</td>
<td>16,000,000</td>
</tr>
<tr>
<td>Total sales</td>
<td>16,060,000</td>
<td>15,900,000</td>
<td>17,000,000</td>
<td>16,000,000</td>
</tr>
<tr>
<td>Total sales</td>
<td>16,050,000</td>
<td>15,900,000</td>
<td>17,000,000</td>
<td>16,000,000</td>
</tr>
<tr>
<td>Total sales</td>
<td>16,040,000</td>
<td>15,900,000</td>
<td>17,000,000</td>
<td>16,000,000</td>
</tr>
<tr>
<td>Total sales</td>
<td>16,030,000</td>
<td>15,900,000</td>
<td>17,000,000</td>
<td>16,000,000</td>
</tr>
</tbody>
</table>

### Wholesale Price New Series

<table>
<thead>
<tr>
<th>Month/Year</th>
<th>Latest Week</th>
<th>Previous Week</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale price new series - U. S. DEP. OF LABOR</td>
<td>142.9</td>
<td>142.8</td>
<td>142.7</td>
<td>142.6</td>
</tr>
</tbody>
</table>

### Inter-State Commerce

<table>
<thead>
<tr>
<th>Month/Year</th>
<th>Latest Week</th>
<th>Previous Week</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter-state commerce</td>
<td>142.9</td>
<td>142.8</td>
<td>142.7</td>
<td>142.6</td>
</tr>
</tbody>
</table>

### Total Price

<table>
<thead>
<tr>
<th>Month/Year</th>
<th>Latest Week</th>
<th>Previous Week</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total price</td>
<td>142.9</td>
<td>142.8</td>
<td>142.7</td>
<td>142.6</td>
</tr>
</tbody>
</table>
**Mutual Funds**

**BY ROBERT E. RICH**

"$40 Billion in Assets and 5 Million Shareholders"

Arthur Wiesenberger predicted that the mutual fund industry will have assets of over $40 billion and "at least" five million shareholders by 1950.

"This is only a little more than three times greater than the approximate $13.5 billion of present assets, and not more than it was in 1940 when industry began its present period of growth," said the president of the New York Stock Exchange firm of Arthur Wiesenberger & Co.

Speaking at the Barbizon Plaza at a dinner meeting sponsored by the Investment Company Institute, Mr. Wiesenberger predicted that mutual fund assets might reach $23,000,000,000 by 1958, compared with $7,000,000,000 at the year's end.

Mr. Wiesenberger was preceded in his remarks by Joseph J. Malleable, president of the Investment Company Institute, who told members that the 1957-58 report to members mailed Oct. 23.

In his letter to members of the Institute, Mr. Malleable said that credit and security companies have been adding to their assets at an average rate of 12% per annum, and that the "participating" mutual fund industry in 1958 will have total assets of $23,000,000,000.

Predicts 3.5 Million Shareholders by 1958

Arthur Wiesenberger, president of Wiesenberger & Co., said at the dinner meeting that the number of mutual fund shareholders may reach 3.5 million by 1958.

"There is a feeling that the present period of growth of the mutual fund industry may be a trend of permanent character," Mr. Wiesenberger said.

"It is not the present time of growth, but the future period of growth, which is of interest," he said.

Mr. Wiesenberger added that the "mutual fund industry" may reach $25 billion in assets by 1958.

He also predicted that the number of mutual fund shareholders may reach 3.5 million by 1958.

- **Arthur Wiesenberger**

---

**EATON & HOWARD BALANCED FUND**

A mutual investment fund.

Growth of principal and income, with moderate capital gains.

**EATON & HOWARD STOCK FUND**

A mutual investment fund.

Growth of principal and income, with moderate capital gains.

**Prospectuses available from your Investment Dealer or EATON & HOWARD, Incorporated 24 Federal St., Boston, Mass.**

**PHILA. INV. ASS'n to Hear J. Mickley**

**PHILADELPHIA, Pa.**—James J. Mickley, chairman of the Girard Trust Corn Exchange Bank, will speak at an annual meeting of the Investment Association of Philadelphia on Friday, Oct. 22, at 1:30 p.m. at the Betsy Hotel, 1425 Chestnut St., Philadelphia.

Mr. Mickley will speak on "The Outlook for the Economy and Interest Rates."

**American Business Shares**

A Balanced Investment Fund

The Company invests in a portfolio, selecting stocks weighted for stability, and common stocks selected for growth, of securities of companies organized in Canada, which will see a stock market that may dwarf in volume and vigor anything of recent vintage.

**Scudder Shares Being Offered on Continuous Basis**

Scudder Fund of Canada, Ltd., has added to its new policy of “offering shares on a continuous basis” the creation of a fund to be called the "Scudder Fund of Canada, Ltd.

The fund will be a closed-end fund, and will be under the management of the Scudder Fund Co.

The fund will be offered to the public on a continuous basis, and will be available for investment on a daily basis.

**Lord, Abbett & Co.**

New York — New York

Chicago — Atlanta — Los Angeles

Digitized for FRASER
http://fraser.stlouisfed.org/
The American economy will reach new highs, not only next year, but in 1980 as well, the head of a $45 million mutual fund predicts.

Noting that six months ago, most economic reports said the consumer was the main culprit in a sharp drop in retail sales, Mr. Slayton, President of Managed Funds, Inc., declared, "Instead, we have experienced one of the fastest business recoveries on record, especially in the last quarter of 1958."

Mr. Slayton spoke at the La Salle Hotel before a group of corporate investment executives and sales representatives.

He said that "the fact that the nation's economy has contributed to its vigorous recent recovery is...a factor which we must keep in mind in our present intent of the Fund to continue this policy."...Fundamental Assets $123 Million Higher


Over the same period, net asset value per share increased from $13.27 to $17. The number of shareholders increased from 2,780,175 to 29,000 to 28,940; shareholders outstanding rose from 25,017,090 to 36,800,947.

During the three months ended Sept. 30, the three-quarter rates amounts is that which he pays on the dividends to if he were invested at the rate of 3.27 cents. If he were invested at the rate of 3.27 cents. If he were invested at the rate of 3.27 cents. If he were invested at the rate of 3.27 cents.

American Mutual Acquires Another Closed-End Fund

American Mutual Fund, Inc., has announced the acquisition of the $285,763,431 mutual fund assets of the Wood Street Investment Company, valued at $37,953,281, in a transaction reported by Investors Planning Corporation of America.

At the same time, James E. H. Macdonald, President, said that the firm's third-quarter sales were up 2.23% over last year's third-quarter sales volume, according to a message by Obert S. Washburn, Managing Director.

The number of I.P. C. plans in force at the end of last month totaled 225,588, compared with 207,637 on Sept. 30, a year ago.

The number of I.P. C. plans in force at the end of last month totaled 225,588, compared with 207,637 on Sept. 30, a year ago.

T.P.C. Contractual Plans Increase 38%

Closed-end investment companies, and the value of their assets, increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.

The value of the company's assets increased by 38%.
Acme United Life Insurance Co., Atlanta, Ga. June 30 filed 210,000 shares of common stock (par $1). Each holder of record as of Nov. 17. Price $2.25 per share. Proceeds—For general corporate purposes. Underwriter—None.

American Bank Board Co., New York. Jan 11 filed 150,000 shares of common stock (par $1) being offered in exchange for Wolverine Carton Co. common stock at the rate of two shares of American for each share of Wolverine. Proceeds—To retire short term notes and for general corporate purposes. Underwriter—None.


Chesapeake & Ohio Railway Co., New York. Sept. 17, 1958, filed 450,000 shares of stock (par $1), of which 205,000 shares are to be offered publicly and 40,000 to officers and employees. Proceeds—to be used for general corporate purposes. Underwriters—J. P. Morgan & Co., New York. Underwriter—None.

Chock Full O' Nuts Corp., New York. Sept. 20 filed 465,000 outstanding shares of common stock, of which 460,000 are to be offered publicly and 5,000 to officers and employees. Proceeds—to be used for general corporate purposes. Underwriter—None.

Cinema II Productions, Inc. June 29 (letter of notification) 200,000 shares of common stock (par $1), of which 40,000 shares are to be offered publicly and 60,000 to employees of the company. Proceeds—to be used for general corporate purposes. Underwriter—None.

Colony Airport Corp., Sanford, Me. Sept. 23 (letter of notification) 316,500 shares of common stock for $10 per share. Proceeds—to be used for general corporate purposes. Underwriter—None.

Commercial Reinsurance Corp., New York. Oct. 17 filed 52,000,000 shares of stock (par $1), of which 6,250,000 shares are to be offered publicly and 40,000 to officers and employees. Proceeds—to be used for general corporate purposes. Underwriter—None.

Commonwealth Oil Co. (N. Y.) Oct. 28 filed 300,000 shares of common stock (par $1). Proceeds—to be supplied by amendment. Proceeds—for expansion, working capital and other corporate purposes. Underwriter—None.


Cuban-Venezuelan Oil Trust Co., Havana, Cuba. March 31 filed 767,833 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—to be used for general corporate purposes. Underwriter—None.

Dartco Corp. Oct. 10 (letter of notification) 150,000 shares of common stock. Price—at par ($1 per share). Proceeds—to be used for general corporate purposes. Underwriter—None.


Eastern Steel Stainless Corp. (10/29) Oct. 6 filed 150,000 shares of convertible subordinated debentures due 1963, of which 100,000 shares will be sold to stockholders of record on Nov. 15. Proceeds—to be used initially to finance the construction of a new factory and for increased inventories and receivables. Underwriter—None.

F szyed for FRASER
Inset suite stinzioned 8
Florida Power & Light Co. (10/28) Oct. 6 filed 300,000 shares of common stock (no par). Price—To be sold by amendment. Proceeds—To provide additional capital for the business of the company, for research and development, and for other purposes. Underwriters—Merrill Lynch, Pierce, Fenner & Smith, and Peabody & Co., both of New York.


Fremont Valley Inn (Aug. 31) Filed 300,000 shares of common stock (par $10). Price—$5 per share. Proceeds—To make loans, etc. Office—80 Wall St., New York, N. Y.

Electric Utilities

Federal Reserve Bank of St. Louis, Feb. 11, 1958, filed 300,000 shares of common stock (par $10). Price—$5 per share. Proceeds—To sell to stockholders. Underwriter—Cador, N. F. Hills, N. J.

Federal Electric Co. Oct. 6 filed 300,000 shares of common stock (par $1). These are a portion of the 11,910 shares previously issued. Proceeds—To use for current acquisitions. Underwriter—None.

Fiscal Electric Utilities Corp. Aug. 18 filed 125,000 shares of common stock (par $5) to be offered for subscription by stockholders at the rate of approximately 18.5 shares per $100 of bonds to public. Price—$12.50 per share. Proceeds—For the redemption of working capital and general corporate purposes. Underwriter—None.

General Public Utilities Corp. (10/31) Oct. 31 filed 100,000 shares of common stock (par $5) to be offered for subscription by stockholders at the rate of approximately 18.5 shares per $100 of bonds to public. Price—$12.50 per share. Proceeds—For the redemption of working capital and general corporate purposes. Underwriter—None.

Hyde Park Cooperative Society, Inc. Oct. 12 filed $2,000,000 of common stock (par $1) and $20,000 certificates of indebtedness (par $1) to be issued and sold at 95%, and three years at 5%. Price—At par (the certificates in denominations of $25 each) for operating capital. Officers—E. H. Sibley, 1 Harper Avenue, Chicago, III. Underwriter—None.

Hyson & Co., Inc. Aug. 22 (letter of notification) 2,000 shares of class A stock (par $5), $170,000 of 6% subordinated debentures and $2,500,000 of first mortgage debentures due 1999, and 30 common shares, Price—$15 per share for class A and $110 per unit to stockholders (each unit consisting of 6 $16 debentures and one class A share). Proceeds—For expenses of setting up production and distribution; manufaturing expenses and for operating capital. Officers—210 North 30th, P. O. Box 5070, Boise, Idaho.


Industrial Minerals Corporation, Washington, D.C. July 24 filed 600,000 shares of common stock (per one cent), Price—$1 per share. Proceeds—For operating capital and to stockholders of record Oct. 14, 1958 to be received up to Aug. 31, 1958. Underwriter—None.

Underwriter—To be determined. Proceeds—For equipment substitutes; common stock—(par $1) to be offered for subscription by holders of stock on a pro rata basis. Any shares not so sold will be offered on an exchange at the last sale price. Underwriter—To be determined. Proceeds—For operating capital. Officers—1902 First National Bank Building, St. Paul, Minn.

Leduc Gas Co. June 18 filed $10,000,000 of first mortgage bonds due 1983. Proceeds—For acquisition of undeveloped oil and gas properties. Underwriter—None.

Kissel (William S.) Co. May 9, 1959 Co. Houston, Texas Oct. 22 filed $1,000,000 of first mortgage bonds due 1978, being offered for subscription by common stockholders of record Oct. 20, 1978 on the basis of one share for each 12 shares held; rights to expire on Oct. 29, 1978. Proceeds—For improvement of the property. Underwriter—The First Boston Corp.; Bluhm & Co.; Lehman Brothers, Merrill Lynch, Pierce, Fenner & Smith and Renesmeyer & Co. (jointly); Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. Bids—Oct. 22 again to be received in the office of the Underwriter at 130 Wall St., New York, N.Y. to noon (EDT) on Aug. 28 at Room 3025, Two Rez. Sqr., New York, N.Y. Proceeds—To acquire additional gas and oil interests and for corporate administrative expenses. Office—115 Broad-
<table>
<thead>
<tr>
<th><strong>Company</strong></th>
<th><strong>Offerings</strong></th>
<th><strong>Details</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Reserve Bank of St. Louis</strong></td>
<td><strong>Letter of notification</strong> 20,000 shares of common stock (par $1).</td>
<td>Proceeds—For purchase of stock in the company.</td>
</tr>
<tr>
<td><strong>Peersless Weighing &amp; Vending Machine Corp.</strong></td>
<td><strong>Letter of notification</strong> 20,000 shares of common stock (par $1).</td>
<td>Proceeds—For investment in the company.</td>
</tr>
<tr>
<td><strong>Pennsylvania Power Co.</strong></td>
<td><strong>Letter of notification</strong> $8,000,000 of first mortgage bonds due 1988.</td>
<td>Proceeds—For the construction of a new power plant.</td>
</tr>
<tr>
<td><strong>Ohio State University</strong></td>
<td><strong>Letter of notification</strong> 20,000 shares of common stock (par $1).</td>
<td>Proceeds—For educational purposes.</td>
</tr>
<tr>
<td><strong>Pine Tree Country Club, Inc.</strong></td>
<td><strong>Letter of notification</strong> 30,000 shares of common stock (par $1).</td>
<td>Proceeds—For construction of new facilities.</td>
</tr>
<tr>
<td><strong>Ponc de Leon Trottling Association, Inc.</strong></td>
<td><strong>Letter of notification</strong> 400,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Prairie Fibreboard Ltd.</strong></td>
<td><strong>Letter of notification</strong> 2,500,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the company.</td>
</tr>
<tr>
<td><strong>Procter &amp; Gamble Co.</strong></td>
<td><strong>Letter of notification</strong> 500,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Rasco Financial Corp.</strong></td>
<td><strong>Letter of notification</strong> 500,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Relur Corp.</strong></td>
<td><strong>Letter of notification</strong> 150,000 shares of common stock (par five cents).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Remo Corp.</strong></td>
<td><strong>Letter of notification</strong> 100,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Reynolds Engineering &amp; Supply, Inc.</strong></td>
<td><strong>Letter of notification</strong> 5,000,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Richwell Petroleum Ltd., Alberta Ltd.</strong></td>
<td><strong>Letter of notification</strong> 1,996,716 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Rocky Mountain Quarterly Racing Association Corp.</strong></td>
<td><strong>Letter of notification</strong> 1,000,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Rural Telephone Co., N. Y.</strong></td>
<td><strong>Letter of notification</strong> 3,000 shares of common stock (par $10).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Service Life Insurance Corp.</strong></td>
<td><strong>Letter of notification</strong> 3,567 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>The Pattern Co., N. Y.</strong></td>
<td><strong>Letter of notification</strong> 2,500 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>The Stanway Oil Corp.</strong></td>
<td><strong>Letter of notification</strong> 200,000 shares of common stock (par $10).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Tampa Electric Co.</strong></td>
<td><strong>Letter of notification</strong> 100,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Tenney Engineering Inc., N. Y.</strong></td>
<td><strong>Letter of notification</strong> 500,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Texas Electric Service Co.</strong></td>
<td><strong>Letter of notification</strong> 20,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Tennessee Electric Service Co.</strong></td>
<td><strong>Letter of notification</strong> 5,000,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Time Finance Corp.</strong></td>
<td><strong>Letter of notification</strong> 27,272 shares of 7-cto cumulative preferred stock (par $5) and 27,272 shares of common stock (par 10 cents) to be offered in units of one share of common stock and $5 principal amount of debentures due 1978.</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Trans-American Mining Corp.</strong></td>
<td><strong>Letter of notification</strong> 2,137,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
<tr>
<td><strong>Trans-Caribbean Airways, Inc.</strong></td>
<td><strong>Letter of notification</strong> 1,000,000 shares of common stock (par $1).</td>
<td>Proceeds—For the expansion of the business.</td>
</tr>
</tbody>
</table>
Price At $1.50

Vanguard Air & Marine Corp.
June 6 filed 4,000 shares of common stock (par $1) to be offered for subscription by stockholders of record March 24 at a rate of one new share for each three shares held. (Stockholders who have right to subscribe for 4,000,000 shares have waived such right. Price—At par ($5 per share). Proceeds—To be applied in the purchase of $700,000 of short-term bank loans and for construction program. Underwriter—Jack, First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith, and White, Weld & Co., all of New York.

Western Oil Company
June 16 filed 1,000,000 shares of common stock (par $1) to be offered for subscription by stockholders of record. First 100,000 shares to be offered July 1. Price—At par ($5 per share). Proceeds—For working capital. Underwriter—No. Underwriters:—May, Merrill Lynch, Pierce, Fenner & Smith, and White, Weld & Co., all of New York.

Westinghouse Electric Corp.
March 16 announced another issue of 2,000,000 shares of preferred stock, plus one new share for each common share held. (Proceeds—To be used as working capital for new plant and expansion.) Proceeds—For working capital. Underwriter—No. Underwriters:—May, Merrill Lynch, Pierce, Fenner & Smith, and White, Weld & Co., all of New York.

Great Atlantic & Pacific Tea Co.
April 19 reported a secondary offering of $30,000,000 of government insured bonds secured by first preferred ship mortgages on the new "Santa Paula" later in 1958. Underwriters:—Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co.; Lehman Brothers; and Stone & Webster Securities Corp., all of New York.

Haverhill Gas Co.
May 30 announced that it would vote on a proposal to increase authorized capital by an additional 12,285 shares of capital stock. Proposed offer for subscription by stockholders of the offer for $100,000 of 6% first mortgage bonds, due Oct. 1, 1953. Proceeds—To continue the expansion of the two, interwoven gas and electric systems. Offer—For public sale. Underwriter—Stone & Webster Securities Corp., New York.

Bank of New York
Oct. 21 stockholders of record on or before Nov. 14 for preferred stock of $100 par capital in the ratio of one new share for each eight shares held. Price—$225 per share. Proceeds—To retire surplus. Underwriter—Morgan, Stanley & Co., New York.

California Electric Power Co.
July 6 announced the contemplated marketing between $5,000,000 and $7,000,000 securities in October, 1953. May be placed privately. Proceeds—To retire surplus.

Central Electric & Gas Co.
Sept. 11 the company applied to the Nebraska Railroad Commission for authority to issue 100,000 shares of common stock (par $2.50) and up to $3,000,000 convertible preferred stock. Proceeds—For expansion. Underwriter—First Boston Corp., Chicago, Ill.

Commodore Edison Co.
Aug. 25 it was reported that the company may issue up to $1,000,000 of preferred stock. Underwriters—May be The First Boston Corp., Boston; and Eyler, White & Co., New York. Offerings—Expected late in 1958 or during the 1st quarter of 1959.

Petroleum of Western Canada Ltd.
Aug. 7 it was reported that the company may offer a total of 2,000,000 additional shares of common stock, to be offered by the underwriters for $1,000,000 of preferred stock and for the issuance of between 15 and 20,000,000 units of short-term bank loans and for construction program. Underwriter—May, Merrill Lynch, Pierce, Fenner & Smith, and White, Weld & Co., all of New York.

First City National Bank
March 19 it was announced that the company plans to offer to stockholders of record on or before April 2, 1959 the right to subscribe for 100,000 shares of preferred stock (par $100) at a price of $100 per share. Price—At par ($100 per share). Proceeds—To be used as working capital. Underwriter—No. Underwriter:—May, Merrill Lynch, Pierce, Fenner & Smith, and White, Weld & Co., all of New York.

Petroleum of Western Canada Ltd.
Aug. 7 it was reported that the company may offer a total of 2,000,000 additional shares of common stock, to be offered by the underwriters for $1,000,000 of preferred stock and for the issuance of between 15 and 20,000,000 units of short-term bank loans and for construction program. Underwriter—May, Merrill Lynch, Pierce, Fenner & Smith, and White, Weld & Co., all of New York.

First City National Bank
March 19 it was announced that the company plans to offer to stockholders of record on or before April 2, 1959 the right to subscribe for 100,000 shares of preferred stock (par $100) at a price of $100 per share. Price—At par ($100 per share). Proceeds—To be used as working capital. Underwriter—No. Underwriter:—May, Merrill Lynch, Pierce, Fenner & Smith, and White, Weld & Co., all of New York.

Gas Service Co.
March 24 it was reported that company plans to issue $30,000,000 of 6% first mortgage bonds. Proceeds—For expansion as yet has been made as to the procedure the company plans to follow. Underwriter—No. Underwriter:—First Boston Corp., Boston; and Eyler, White & Co., New York.

Grace Line Inc.
Feb. 19 it was reported a secondary offering of common stock expected this year. Underwriters:—Morgan, Five shares of preferred stock. Proceeds—For expansion program, working capital, etc. Offer—For public sale. Underwriter—First Boston Corp., New York.

Haverhill Gas Co.
May 30 announced that it would vote on a proposal to increase authorized capital by an additional 12,285 shares of capital stock. Proposed offer for subscription by stockholders of the offer for $100,000 of 6% first mortgage bonds, due Oct. 1, 1953. Proceeds—To continue the expansion of the two, interwoven gas and electric systems. Offer—For public sale. Underwriter—Stone & Webster Securities Corp., New York.

Karnes Gas & Electric Co.
Kansas Power & Light Co.


Kentucky Utilities Co.

June 16 company stated it will sell bonds and/or common stock in a $110,000,000 offering. For any common stock: Blyth & Co., Inc.; Eastman Dillon, Underwriters & Co. and Merrill Lynch, Pierce, Fenn, Smith & Co., Inc.; Richardson, Kasper, Kuder, Peabody & Co. and White, Weld & Co. (jointly). Laboratory for Electronics, Inc.

June 16, Henry G. Allen, chairman, announced that the directors are currently considering refinancing $790,000 of outstanding notes ($835,750 held by a principal stockholder and $54,250 held by small stockholders). This may be done through equity or convertible debenture financing. Officer—75 Pitt St., Boston, Mass.

Loriard (P. C.).

June 16 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 investment.

Master Fund, Inc., Fairfield, Calif.

Aug. 27 it was announced organized investment company plans to offer to bona fide residents of California 10,000 shares of capital stock per ($1). Price per share to be determined through a Dutch auction of 85 7/8 Proceeds—For investment.

Merchants Bank of New York.

Aug. 28 the bank, among other things, is offering 6,000 shares of additional capital stock (par $100), to be sold for $100 per share. Proceeds—To retire $6,000,000 of mortgage bonds due 1988.

Michigan Bell Telephone Co.

Aug. 12 directors approved plans to sell $40,000,000 of 31/4 year debentures at par ($32,148,250). Proceeds—To repay bank loans and for working capital.

Midwestern Gas Transmission Co.

March 28 the company is planning to sell a subsidiary of Tennessee Gas Transmission Co. has applied to the Federal Power Commission for authority to sell $40,000,000 of mortgage bonds, unsecured notes and common stock. Proceeds—To build pipe line system to cost about $11,000,000 and to increase mortgage bonds of $5,250,000. Proceeds—To repay bank loans and for working capital.

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.; Morgan Stanley & Co. & Bliss—Had been tentatively scheduled to be reoffered Sept. 16. Proceeds—To repay $19,158,000 mortgage bonds previously issued. Underwriter—None. Of the 822,992 shares of preferred stock ($par $100) and 11,863, 000 shares of common stock, first mortgage bonds due Dec. 31, 1957, there were owned by the American Electric Power Service Corp., 640,997 preferred shares and 10,790,343 common shares.

Philadelphia Electric Co. (12/10)

Sept. 22 it was announced company plans early to offer to its common and preferred stockholders 1,984,064 additional shares of common stock on the basis of one new share for each eight shares held. Proceeds—To repay $6,389,000 mortgage bonds due 1988. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co. and Bliss.

Philadelphia Telephone & Telegraph Co.

Aug. 30 it was announced the company plans to offer to its common and preferred stockholders 1,984,064 additional shares of common stock on the basis of one new share for each eight shares held. Proceeds—To repay $6,389,000 mortgage bonds due 1988. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co. and Bliss.

Power and Electric Gas Co.

Aug. 27 it was announced company plans early to offer to its common and preferred stockholders 1,984,064 additional shares of common stock on the basis of one new share for each eight shares held. Proceeds—To repay $6,389,000 mortgage bonds due 1988. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co. and Bliss.

St. Joseph Light & Power Co.

Sept. 22 it was announced company has deferred temporarily its plans to market $3,500,000 in bonds and/or preferred stocks. A bank credit of $6,000,000 has been secured for next year's mortgage bonds. Proceeds—For repayment of short-term bond loans and for other purposes. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Smith, Barney, Co., & Co. and White, Weld & Co. (jointly); The First Boston Corp.; White, Weld & Co. (jointly).

Public Service Electric & Gas Co. (12/2)

Sept. 22 it was announced the company plans offering 790,000 additional shares of common stock, and plans to apply to the State Public Utility Commission seeking permission to sell up to 3,000,000 shares of preferred stock. Underwriter—May be Merrill Lynch, Pierce, Fenn & Smith, Smith, Barney, Co. & Co., Inc.; White, Weld & Co. (jointly); J. J. Barlow & Co., New York.

Southern Fidelity Fire Insurance Co.

Aug. 26 it was announced the company in all probably plans to offer to its common and preferred stockholders additional common stock to its shareholders in the near future. Proceeds—To expand operations. Underwriter—None.

Southern California Telephone & Telegraph Co. (12/6)


Southern California Power Co.

Sept. 9 it was announced company plans to sell $24,000,000 of additional 100,000 shares of preferred stock (par $50). Underwriters—M. C. Underwood & Co., Securities Corp. and Pauley, Webster, Jackson & Curtis.

With Francis L. du Pont

With Hornbolder & Weeks

With Powell & Co.

Rachlin Opens Office

Robert Rachlin is conducting a securities business from offices at 12 East 41st Street, New York 17, N. Y., a later date.

With Hornbolder & Weeks (Special to THE FINANCIAL CHRONICLE)

OMARA, N. Y.—With the launching of a new branch in this city is now Francis L. du Pont & Co., Securities Building.

With Powell & Co. (Special to THE FINANCIAL CHRONICLE)

FAYETTEVILLE, N. C.—Kel¬linger E. Cotton has become as¬sociated with Powell & Company, 125A Anderson Street.

Mann & GouldAdds

With Horblower & Weeks (Special to THE FINANCIAL CHRONICLE)

Mann & Gould is now with Horblower & Weeks, 134 South Salle Street.

Mann & Gould Adds (Special to THE FINANCIAL CHRONICLE)

New With Cutsden (Special to THE FINANCIAL CHRONICLE)

CHICAGO, III.—Robert Spier is now with Muncie & Cutsden, 3703 North Clark Street, Muncie, Indiana.

Join Marshall Co. (Special to THE FINANCIAL CHRONICLE)

Mayor of the City—Robert M. Taylor and Peter Y. Taylor are now with the Marshall Company, 108 East 34th Street, New York 17, N. Y., and 135 South Salle Street.

With Bear, Stearns & Co. (Special to THE FINANCIAL CHRONICLE)

CHICAGO, III.—Roy F. Carlson of the firm is now with Bear, Stearns & Co., 135 South Salle Street.
The State of Trade and Industry

Wednesday of last week because of differences over the call backs.

Nevertheless, "Word" stated, Chrysler Corp. programmed a 10% increase on the output of its eight Ford division plants set for Saturday work, jumped pro-
duction 25% this week.

A 1960 car's output rose above that of the previous week by 10,169 units, while truck output increased by 758 vehicles during the week. In the preceding week, year 71,858 cars and 21,382 trucks were produced.

Last week the agency reported there were 12,663 trucks made in the United States compared with 11,976 in the previous week and 21,064 a year ago.

Lumber Shipments Rose 1.6% Above Output in the Week Ended Oct. 11, 1958

Lumber shipments of 469 reporting mills in the week ended Oct. 11, show gains of 3.3% over the previous week, according to the "National Lumber Trade Barometer." In the same period new orders totalled 37,182 carloads, down 3% from the year earlier period, amounting to 29% of stocks. Production was 3.3% below; shipments 6.7 below and new orders 3.1% below the previous week and 10.5% below the like week in 1957.

Gasoline Stocks Declined in Week Ended Oct. 3

Over-all gasoline stocks for the country-at-large dropped 999,000 barrels during the week ended Oct. 3, the American Petroleum Institute reports. Motor fuel in storage at the week's end amounted to 172,482 barrels compared with 173,481,000 barrels a week earlier and with 176,481,000 barrels at the same week a year ago.

Supplies of heating oils showed mixed changes. Heavy fuels, such as No. 1 and No. 2, showed some gains. Diesel oil was off, however. The 7,797,000 barrels daily in the preceding week and a reduction from the 7,779,000-barrel pace of a year ago.

Crude oil production averaged 7,813,585 barrels daily, a drop of 169,608 from the week before and 1,811,615 barrels daily. At 6,811,280 barrels daily, crude oil imports were 283,280 barrels below the preceding week and compared with 1,189,500 barrels last year.

Business Failures, Rose Moderately the Past Week

Commercial and industrial failures rose to 286 in the week ended Oct. 11, 1958, according to an index prepared by the Dun & Bradstreet, Inc., reports. This moderate increase lifted casualties above the 213 occurring in the similar week a year ago and the 230 in 1956. Failures were 4% higher than their prewar total of 277 in the comparable week of 1939.

Business failures were involved in 233 of the week's casualties, a slight increase from 230 in the previous week and 227 at the same week a year ago. The year's total up to date was 2,159. A year ago the total was 2,133 failures.

Wholesale Food Price Index Strikes New 1958 Low for the Third Consecutive Week

The wholesale food price index, compiled by Dun & Bradstreet Co., Inc., was at 1958 low during the week ended Oct. 22, at 160.2, lower than the 160.5 index for the week before. The index stood at 160.4 on the week before.

Wholesale Commodity Price Index Declined Moderately Last Week

Lower prices of most livestock, land, rubber and scrap wool last week held the general level moderately below that of a week earlier. The daily wholesale price index declined 0.2% in the week ended Oct. 25, and was noticeably below the 200.30 of the similar date a year ago, the index basis.

Most grain prices were close to those of the prior week. A moderate rise in export buying and the expectation that further gains will be made in wheat imports is expected to strengthen the market. Cotton was fractionally lower than it was on Oct. 21. A noticeable rise in the price of rice, however, will be noted.

There was a slight increase in trading in yams and prices improved somewhat. Prices of corn held steady and receipts were below the level of last week. Inert in soybeans held unchanged with prices steady.

Although transactions in flour were light, prices remained those of the prior week. The tobacco market was slightly better during the week in full trading. Although new crops are expected to reach the market shortly, rise buying was sustained at the higher levels. Cotton prices were little affected by news.

There was a considerable decline in hog prices in Chicago as

Automotive Output Last Week Hampered by Strikes at General Motors and Chrysler Plants Declined Below Previous Week's Level

Passenger car production for the week ended Oct. 17, 1958, according to General Motors, was 9,928 cars, while Chrysler's output fell to 7,642 cars from 8,776 cars a week earlier.

Studebaker was still crippling strikes at General Motors. As a result, car output made only a minute 4.9% increase during the week. Ford's assembly buildings were out of 942,000 cars, 7,656 cars, and 5,786 cars, or 7.6% below the corresponding week in 1957.

Car Loadings Rose 1.3% in the Week Ended October 11

Carloadings of freight revenue in the week ended Oct. 11, 1958 were 1,704,000 cars, or 1.3% above the preceding week, according to the Association of American Railroads.

Carloadings for the week ended Oct. 11, 1958 totaled 806,138 cars, a decrease of 59,500 cars, or 7.3% below the corresponding week in 1957.
Trade Volume Aided in Latest Week by Columbus Day Sales

Extensive Columbus Day sales promotions stimulated consumer buying the past week and volume rose noticeably above that of a year ago and the holiday fall season. The sharpest year-to-year gains occurred in women's apparel, household furnishings and furniture. Three noticeable gains in sales of new passenger cars, but volume was modestly below last year, according to scattered reports.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 4% to 8% higher than a year ago, spot estimates collected by Dun & Bradstreet, Inc. show. Regional estimates varied from the comparable week last year, below the percentages: New England States, +6 to +10%; Middle Atlantic states, -10% to 0%; Pacific Coast, -5% to -15%; South. In contrast, the Atlanta +4 to +6; Mountain +2 to +4; East South Central and Pacific Coel to -5 and West South Central States 9 to +4.

A marked slowing of buying appeared in the buying of women's fall coats, suits, dresses, and dresses. Volume in fashion, accessories, millinery, and jewelry was up appreciably. There was a marked rise in the purchase of coats and suits. Over-all, sales of men's apparel moderately exceeded that of a year ago. Best-sellers in men's furniture goods, fresh fruits, and vegetables were reported. Interest in children's merchandise laggged behind that of last year.

Attracted by sales promotions, shoppers stepped up their buying of upholstered furniture, bedroom and dining room tables and chairs during the holiday week. Slight year-to-year gains prevailed. Retailers reported substantial gains from both the prior week and last year in rising prices, droughts and the closing of television sets, laundry equipment, refrigerators and lighting equipment were sluggish during the week, but were close to those of last year.

Grocers reported another appreciable advance in sales of canned goods, nuts, coffee and dairy products. Interest in fresh meat and poultry remained close to that of a week earlier.

There was widespread buying in the past week in re-orders for women's fall dresses, suits and coats as retailers sought to replenish depleted stock. Stocks for purchases of women's outerwear, coats and suits were bolstered by a marked rise in broadcloths, total sales of cotton gray goods climbed substantially at the end of the week... Trading in window and drapery goods was substantial. An appreciable rise occurred in incoming orders at drying and finishing plants in the mid-Atlantic States.

Appliance wholesalers reported a slight rise in volume in television sets, hi-fi equipment and lighting fixtures of the past week. Some markets reported substantial gains from a year ago in furniture volume, particularly between the room chairs. There were substantial gains in bookings in toweling, linens and slipcovers, while the call for floor coverings and draperies was up moderately.

Wholesale food volume edged up last week, with principal gains in connected with canned goods and of women's apparel, in fresh produce, pottery, cheese, egg and butter remained at the level of a week earlier.

Department store sales on a country-wide basis as taken from the Federal Reserve Board index for the week ended Oct. 11, 1938 advanced 4% above the level reported a year ago the week preceding. This report for the week ended Oct. 11, 1938, of a gain of 2% was reported. For the period Jan. 1, 1938 to Oct. 11, 1938, a decrease of 1% was reported below that of a year ago.

Retail trade sales volume in New York City the past week made substantial gains aided by Columbus Day promotions.

According to trade observers, sales rose 10 to 15% above the level at the end of the week, Oct. 4, 1938. For the week ended Oct. 11, 1938 a gain of 2% was reported, and for the period Jan. 1, 1938 to Oct. 11, 1938 an increase of 5% was reported above that of the preceding period. In 1929.

With A. C. Allyn Co. (Special to The Financial Chronicle)


With Janisome & Co. (Special to The Financial Chronicle)

GEORGE W. Fornell is now associated with Janisome & Company, First National Soap Line Building.

Join's Stowers & Co. (Special to The Financial Chronicle)

KANSAS CITY, Mo. — E. W. Alexander has become connected with Stowers and Company, 4725 Wyandotte Street.

Vaughn Adds to Staff (Special to The Financial Chronicle)

WILMINGTON, N. C.—J. H. Thornton has been added to the staff of Vaughn & Company, 1 Post Office Avenue.

Form Atlas Planning (Special to The Financial Chronicle)

BROOKLYN, N. Y. — Atlas Planning Company has been formed with offices at 1802 Second Street, Jack P. Kish is a principal of the firm.

With Bache & Co. (Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Albert S. Lowe is now with Henry F. Swift & Co., 460 California St., and 1497 Pacific Coast Stock Exchange.

New Hirsch Branch (Special to The Financial Chronicle)

FT. PIERCE, Fla. — Hirsch & Co. has opened a branch office at 180 Smith Street, under the management of Aubrey E. Sampson and John R. Sharp.

Eaton's & Co. Opens (Special to The Financial Chronicle)

PHOENIX, Ariz. — William T. Eaton has formed Eaton and Company with offices at 444 Camelback Road, to conduct a securities business.

With Westheimer Co. (Special to The Financial Chronicle)

URBANA, Ohio — Fred Paulig is now representative of Westheimer and Company of Cincinnati.

Joins Reeves Staff (Special to The Financial Chronicle)

BEVERLY HILLS, Calif. — Irving B. Craighead, has joined the staff of Reeves & Company, 587 South Beverly Drive, members of the New York and Pacific Coast Stock Exchanges.

Join's Doyle, O'Conner & Co. (Special to The Financial Chronicle)

CHICAGO, Ill. — Robert S. Prun, has joined the staff of Doyle, O'Conner & Co., 125 South LaSalle Street, formerly with Chicago & Company, and formerly with A. G. Becker & Co., Incorporated.

D. A. W. Bangs Joins (Special to The Financial Chronicle)

Bache & Company Staff (Special to The Financial Chronicle)

CHICAGO, Ill. — Donald A. Bangs has become associated with Bache & Co., 149 South Dearborn Street. Mr. Bangs was formerly with Mitchell Hughes & Co. in the past he was an officer of Nomark & Co., Inc.

With Wilson, Johnson & Co. (Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Donald D. H. Robinson is now with Wilson, Johnson & Higgins, 390 Montgomery Street, members of the Pacific Coast Stock Exchange.

The Board of Directors of CONSOLIDATION COAL COMPANY has approved the payment of a quarterly dividend of 11 1/4 per share on the 5% Convertible Preferred Stock has been declared. The dividend is payable December 1, 1938 to stockholders of record November 15, 1938.

The Directors of International Harvester Company have declared quarterly dividend No. 175 of fifty cents ($0.50) per share on the common stock, payable January 15, 1939, to stockholders of record December 15, 1938. 100 shares.

The Directors of International Harvester Company have declared quarterly dividend No. 161 of one dollar and seventy-five cents ($1.75) per share on the common stock, payable November 15, 1938 to stockholders of record October 15, 1938.

The Directors of International Harvester Company have declared quarterly dividend No. 161 of one dollar and seventy-five cents ($1.75) per share on the common stock, payable December 1, 1938 to stockholders of record November 15, 1938. 100 shares.

The Directors of International Harvester Company have declared quarterly dividend No. 161 of one dollar and seventy-five cents ($1.75) per share on the common stock, payable November 15, 1938 to stockholders of record October 15, 1938.

The Directors of International Harvester Company have declared quarterly dividend No. 161 of one dollar and seventy-five cents ($1.75) per share on the common stock, payable December 1, 1938 to stockholders of record November 15, 1938. 100 shares.
WASHINGTON, D.C.—The Bureau of the Census is already making plans to conduct the 1960 decennial census, which will be the twenty-third enumeration agency has yet undertaken. The Department of Commerce will be the next Congress to provide funds for the census work which will also include an enumeration of housing.

The census "clock" in the Department of Commerce Building tallied the 175,000,000 number on the census sheets. Each city has its own time by every eleven seconds.

The clock represents the average time per household in the first count. The first count of one house each 71 seconds, one death each 20 seconds, one emigrant each 11 minutes, and one emigrant department each 11 minutes.

There appears to be no doubt that the present rate of growth continues, the population in the United States will reach 200,000,000 by 1987, according to the Census Bureau estimates.

The curse of several things could affect the census in the immediate years ahead. Certainly, the full scale war would have a tremendous affect. Also a major depression would have a marked affect.

Stanford's Findings

The Stanford Research Institute has made some pertinent observations after a fifteen-year study. The authors of the report said the rate of increase in fertility that the birthrates in the United States probably will decline by 1978 to a rate of 12.5, below the rate of 1946. The average for the 1970 Census was about 2.5, births a year.

On the other hand death rates are expected to go down, which will decline slowly, reaching a level below the 1950 rate by 1975. Net immigration is estimated at an annual average of 250,000 births a year.

The Stanford Research Institute estimated the 1975 population will increase from 173,700,000. Of the various sections in the United States, the authors projected the Pacific region as the most populated. In 1954 to 28,400,000 in 1975, an increase of 76%, or the fastest growing area of the nation.

The Rocky Mountain region in 1975 will have 11,100,000, and the West 7,500,000. California will have 12,500,000 in 1975. It will be especially fast, an average of 300,000 a year, reaching 12,500,000 in 1975.

The projections place the 1975 Pacific region population by 1975 to 13.5% of the total population in the United States, and the Mountain region to climb from 2.5% of the total to 4.5% by 1975.

Fastest Growing States

California and Florida are the fastest growing States in the Union. More and more retired citizens are settling in these sunshine states. People everywhere are more sun conscious than they were. The shortage of water apparently will be a major hurdle to the future growth of Southern California, and Federal officials in Washington are concerned that desalting water will become economically feasible within a few years. A stepped up research program is underway for making fresh water out of brackish and salt water.

Important to Industry

The census data is of great importance to business and industry in this country. Many economic units will be made from the data that the Bureau of the Census will make during the next two years.

In 1938 the Bureau of the Census, manufactures, and minerals will be mailed. They will cover the operations of 1958 of retail stores, wholesalers, select service establishments, farmers, etc. The work for the 1958 census of agriculture will be carried out now.

Political Impact

The kickoff for the 1960 census will be on the first Sunday in December, and the Census Bureau will start in the Spring of that year. The first decennial census will be on the first Sunday in December, 1790. The last of the population census will be of importance to the government, local, state, and Federal—as well as to business and industry. The first decennial censuses of the membership in the House of Representatives of the 89th Congress to be elected in 1902. In some states the legislatures will be elected by the results.

The Census Bureau in a projection of population growth a few months ago said that nine states will increase, the states that are larger representation of House members, while 14 states will lose seats. States can gain population and still lose seats, for the simple reason that the gain is not equal to the national average growth. Realignment is based on a linear timing law fixing the number of House seats at 453.

As it now stands California, apparently destined to become the No. 1 state in population by the year 2000, will add 50,000,000 residents by 1975. Texas and Michigan will each gain two seats.

According to the projection, New York City with 3,000,000,000 residents would each lose three seats, and Massachusetts and Arkansas would each lose one seat.

Because of the growing population, the various departments of the federal government in Washington are making plans for the future. One of the main needs of the Post Office Department are many new post offices. Environment Commissioner Enron Fetlock field says he plans next year to provide super centers, about 12,000 badly needed new post offices. Of the Federal departments, the Department of Agriculture by virtue of its activities and laws of Congress, keeps a pretty good running box score of the work of farmers and what the produce. For instance, the Department knows now in advance of the census that there are nearly 3,000,000 farmers.

Farmers As Customers

Speaking to the Economic Club of Detroit, Secretary of Agriculture Benson said that perhaps it was not really generalized statement, "some of your best customers are farmers." Then he added, "You have no investments in the oil business? There are 12,000,000 tractors, cars and trucks on American farms. Agriculture buys more petroleum than any other state—nearly 15 billion gallons a year. Are you in steel? Farmers take 6,000,000 tons of finished steel a year. A great idea? Agriculture buys enough raw rubber to put fires on nearly 6,000,000 ears a year.

"Transportation? Sixteen per cent of the gross freight revenue is from agriculture products. Chemical? Fifty tons a year. Electricity? Agriculture uses more electric power than Chicago, Detroit, Houston, Baltimore and Boston combined."

The Cabinet officers, in short, declared, according to that agriculture $40 billion market for the American economy. However, he declared that the farmers know these controls affect elections, and the "greatest need in agriculture today is to let the farmer have greater freedom in making his decisions without Washington telling him what to plant and how much to plant."

Perhaps the drift toward socialized agriculture has been halted, but the farmer still needs more freedom to plant. However, it is not realized generally but, "some of your best customers are farmers." Then he added, "You have no investments in the oil business? There are 12,000,000 tractors, cars and trucks on American farms. Agriculture buys more petroleum than any other state—nearly 15 billion gallons a year. Are you in steel? Farmers take 6,000,000 tons of finished steel a year. A great idea? Agriculture buys enough raw rubber to put fires on nearly 6,000,000 ears a year."

"Transportation? Sixteen per cent of the gross freight revenue is from agriculture products. Chemical? Fifty tons a year. Electricity? Agriculture uses more electric power than Chicago, Detroit, Houston, Baltimore and Boston combined."

The Cabinet officers, in short, declared, according to that agriculture $40 billion market for the American economy. However, he declared that the farmers know these controls affect elections, and the "greatest need in agriculture today is to let the farmer have greater freedom in making his decisions without Washington telling him what to plant and how much to plant."

"Study hard, work hard. Someday you may become a millionaire and be eligible to run for Governor of New York!"